

**FRANCHISE DISCLOSURE DOCUMENT  
STEEL COATED FLOORS INTERNATIONAL, LLC**

19500 Victor Parkway  
Livonia, MI 48152  
(888) 474-6361

**STEEL COATED FLOORS**

[www.steelcoatedfloors.com](http://www.steelcoatedfloors.com)  
[franchisesales@steelcoatedfloors.com](mailto:franchisesales@steelcoatedfloors.com)

We franchise the right to operate a “mobile-services” business (each, a “Franchised Business”) focused on providing a designated line of epoxy flooring products and services, primarily for residential garages as well as industrial and commercial garages, along with any other products and services we designate or authorize for sale in the future, all while using the proprietary marks we designate (including our current proprietary mark STEEL COATED FLOORS) and system of operations that we have developed.

The total investment necessary to begin operation of a Steel Coated Floors Franchised Business is between \$122,880 and \$174,285. This includes \$101,380 to \$121,285 that must be paid to the franchisor and/or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to us 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 Michael Shinabarger at michael@phoenixfranchisebrands.com, 19500 Victor Parkway, Livonia, MI 48152.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](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 30, 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 can 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 or Exhibits E and F. |
| <b>How much will I need to invest?</b>                                                   | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.                                                                         |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit G includes financial statements. Review these statements carefully.                                                                                                                                                                           |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.                                                                                                                                                                     |
| <b>Will my business be the only System business in my area?</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 franchise 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 System franchisee?</b>                                         | Item 20 or Exhibits E and F lists 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*

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

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

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

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

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

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

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

## Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that 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 D.

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 or litigation only in Delaware. Out-of-state mediation or litigation may force you accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Delaware than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Turnover Rate.** During the last 3 years, a high percentage of franchised outlets (more than 47%) ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.
4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
5. **Mandatory Minimum Payments.** You must make minimum royalty, administrative, or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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.

## **DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN**

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, 525 W Ottawa Street, P.O. Box 30213, Lansing, Michigan 48909; Telephone: (517) 373-7117.

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

**The Franchisor**

To simplify the language in this disclosure document, “Steel Coated Floors International, LLC,” “Steel Coated Floors,” “SCF” “we,” or “us” means Steel Coated Floors International, LLC, the franchisor. “You” means the business entity that buys the franchise and includes each partner, shareholder, member, or another owner of that entity.

We are a Delaware Limited Liability Company formed on April 24, 2024, and our principal office is located at 19500 Victor Parkway, Livonia, MI 48152. Our agents for service of process are listed in EXHIBIT D attached to this disclosure document. We do business under the name Steel Coated Floors, our corporate name and we, and our affiliates, as well as other franchisors with overlapping minority ownership interests are marketed under Phoenix Franchise Brands but we do not operate under any other names.

We have been offering Steel Coated Floor Franchised Business in the United States since June 2024. We may operate other Steel Coated Floor concepts, including additional Steel Coated Floor outlets, in the future.

We have not operated any businesses that are similar to the Franchised Business.

Our agents authorized to receive service of process are those persons/entities listed in Exhibit D of this Disclosure Document.

**Predecessor, Parent and Affiliates**

Our predecessor is Steel Coated Floors Franchising, LLC (SCF Franchising), a Utah Limited Liability company formed in September 2018 with a principal address at 1295 E 5600 S Ogden, UT 84403. Steel Coated Floors Franchising, LLC is wholly owned by our co-founder and Chief Operating Officer Mitchell Cypers and Co-Founder and Chief Technical Officer Manual Cypers. SCF Franchising has operated an epoxy floor and concrete business in Ogden, UT and began franchising nationally. The Ogden, UT location serves as the basis of the Steel Coated Floors International Franchise system and has operated under the Steel Coated Floors mark since 2018.

Our corporate parent is Phoenix Franchise Brands, LLC (“Phoenix”), a Delaware limited liability company with a principal address of 19500 Victor Parkway, Livonia, Michigan. Phoenix does not now and has never in the past offered franchises in any line of business and has not in the past and do not now engage in other lines of business, but the ownership listed herein.

Our affiliate, Fetch! Pet Care, Inc. is a California corporation formed on November 4, 2002, with a principal address of 19500 Victor Parkway, Livonia, Michigan, which offers professional pet sitting, dog walking and home care services to customers and has done so since 2002. On March 4, 2020, Longe Acquisitions LLC, an entity controlled by our CEO Gregory Longe, acquired a majority interest in Fetch! Pet Care, Inc. As of December 31, 2024, there were 126 Fetch! Pet Care franchises. Fetch! Pet Care, Inc. does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Steel Coated Floor franchisees.

Our affiliate, Furry Cuts! Petmobile International, LLC is a Delaware Limited Liability Company with a principal address of 19500 Victor Parkway, Livonia, Michigan, which offers franchises that provide pet owners with dog and cat grooming services at customer locations under the name Furry Land, and done so since February 2022. As of December 31, 2024, there were 71 Furry Land franchises. Furry Cuts! Petmobile

International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Steel Coated Floor franchisees.

Our affiliate, Door Renew International, LLC is a Delaware limited liability company formed on June 24, 2021, with a principal address of 19500 Victor Parkway, Livonia, Michigan, which offers franchises that provide commercial and residential door refinishing and restoration services. As of December 31, 2024, there were 16 Door Renew franchises. Door Renew International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Steel Coated Floors franchisees has not otherwise offered franchises in any other lines of business and does not provide any goods or services to Steel Coated Floor franchisees.

Our affiliate, Spray Foam Genie International, LLC is a Delaware Limited Liability company with a principal address of 19500 Victor Parkway, Livonia, Michigan, which offers franchises that provide residential and commercial insulation services, including crawl space encapsulation, new construction and retro attic insulation, open & closed cell foam, slow rise foam injection, and concrete lifting/leveling and has done so since October 2022. As of December 31, 2024, there were 44 Spray Foam Genie Franchises. Spray Foam Genie International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Steel Coated Floor Franchisees.

Our affiliate, medspa810 Global, LLC is a Delaware Limited Liability Company with its principal office located at 19500 Victor Parkway, Livonia, MI 48152, which offers franchises that provide best in class aesthetic medical services and products. In May 2024, Phoenix acquired a majority interest in medspa810 Global, LLC. As of December 31, 2024, there were 4 medspa810 Global, LLC franchises. Medspa810 Global, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Steel Coated Floors franchisees.

Our affiliate, Worried Bird International, LLC is a Delaware Limited Liability Company with its principal office located at 19500 Victor Parkway, Livonia, MI 48152, which offers franchises that provide commercial window cleaning, windows and door screen repair, power washing, rain gutter cleaning, window restoration and seasonal holiday lighting, and has done so since December 2024. As of December 31, 2024, there were 4 Worried Bird International, LLC franchises. Worried Bird International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Steel Coated Floors franchisees.

### The Business We Offer

We offer, to those who meet our qualifications, the opportunity to be awarded a Steel Coated Floors Franchised Business focused on providing our proprietary epoxy flooring product (the “Designated Epoxy Product”) and services, primarily for residential garages but also for industrial and commercial garages and floors, with a lifetime guarantee, and other products or services that we authorize for offer or sale at the Franchised Business (the “Approved Products” and/or “Approved Services” as applicable). In order to own and operate a Franchised Business, you must enter into our current form of franchise agreement that is attached as Exhibit A to this Disclosure Document (the “Franchise Agreement”).

Each Franchised Business is operated according to a unique system we have developed through our principals which includes certain proprietary systems, methods, know how, computer software programs, and other associated trade secrets with respect to the Steel Coated Floors Business (the “Franchise System”). We have created a general operations manual (the “Operations Manual”) which provides guidelines and details regarding the Franchise System and provides you with the information needed to establish and operate the Franchised Business. All services will be rendered in accordance with the Operations Manual.

The Franchised Business will operate under our then-current proprietary marks, trade dress, logos and other

indicia of origin we designate in writing (collectively, the “Proprietary Marks”). As of the Issuance Date, these marks include our current primary mark STEEL COATED FLOORS.

You will operate from an approved location (the “Approved Location”) that must be located in the geographical region wherein you are awarded the right to operate the Franchised Business and provide the Approved Services and Approved Products to new and existing clientele (your “Territory”).

You will also need sufficient flex space, between 250 square feet to 1,000 square feet, to properly store and maintain the Franchised Business’s inventory and equipment, as well as an office for the salesperson and/or Manager to lead the local team.

### Market and Competition

Steel Coated Floors Franchised Businesses offer their services to the general public including residential and commercial property owners, residential and commercial property builders, homeowners’ associations and property managers. The Franchised Business will compete primarily with other flooring providers in proximity to the location of your Steel Coated Floors Business. The flooring industry in general is a mature and highly competitive industry and is not seasonal in nature. Your competitive advantage will be based on our unique and proprietary products, your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities, sales aptitude and focus on customer service.

### Industry Specific Regulations

Your Steel Coated Floors Franchised Business will be subject to laws and regulations in your state, county, or municipality regarding the operation of an epoxy flooring business, which may include laws related to licenses or certifications associated with the installation of various proprietary epoxy flooring products and services. For example, your Steel Coated Floors Franchised Business will be subject to the Department of Transportation’s requirements, and you will need to apply for and obtain a USDOT Number. Some states may have licensing, certification, registration, or training requirements applicable to some or all of the services you and your employees will be providing through your Franchised Business. You may be required to pay a fee to the state agency or association responsible for enforcing these requirements. Some states may require a minimum level of education or related work experience to obtain licenses.

Your Franchised Business will also be subject to federal, state and local Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) regulations, and you must strictly comply with all federal, state, and local regulations regarding the use, handling, transportation, and disposal of hazardous materials. You must comply with all local, state, and federal laws and regulations that apply to the operation of your Steel Coated Floors Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Health regulations, as well as other state and local specific safety and workplace regulations may impact the types of training, devices, and equipment you must make available to or be required to offer to your employees. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. Your Franchised Business will also be subject to various federal, state, and local laws and regulations affecting the Franchised Business, including, among others, rules and regulations governing licensing, permits, zoning, environmental protection, occupational safety and health, and hazardous substances and waste disposal. You are also subject to employment laws such as the EEOC, Fair Labor Standards Act, Americans with Disabilities Act and various state laws governing such matters as minimum wage, overtime and working conditions. There may be other federal, state and local laws which affect your Franchised Business in addition to those listed here.

You will be responsible for investigating and complying with all such laws in your designated Territory. You should consider both their effect on your business and the cost of compliance. You should thoroughly investigate all of the laws and requirements before purchasing a Steel Coated Floors Franchised Business.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Gregory A. Longe – Chief Executive Officer of Phoenix Franchise Brands**

Mr. Longe is Chief Executive Officer of Phoenix Franchise Brands and has served in that position since December 2024. Previously, Mr. Longe served as our Chief Strategy Officer from May 2022 until December 2024, as well as Chief Strategy Officer of our affiliate, Spray Foam Genie International, LLC, from February 2022 until December 2024. Mr. Longe served as Chief Executive Officer of Door Renew from July 2021 until December 2024. Mr. Longe also served as the Chief Executive Officer of our affiliates, Fetch! Pet Care, Inc. from March 2020 until December 2024, and Furry Cuts! Petmobile International, LLC from March 30, 2021 until December 2024. He has also served as the Chief Strategy Officer of our affiliate, Spray Foam Genie International, LLC, from February 2022 until December 2024. Mr. Longe also served as the Chief Executive Officer and President of medspa810 from November 2019 until December 2024 and Door Renew Managed Services LLC from January 2022 until December 2024. Mr. Longe serves in his current roles from Livonia, Michigan.

#### **Kevin Longe– Chief Executive Officer of Homes Services for Phoenix Franchise Brands**

Mr. Longe has served as the Chief Executive Officer of Home Services for Phoenix Franchise Brands since December 2024. Mr. Longe previously served as CEO of Steel Coated Floors from May 2024 until December 2024. From June 2022 until December 2024, Mr. Longe also served as Executive Vice President of our affiliate, Door Renew International, LLC. Mr. Longe previously served as the CEO of our affiliate, Spray Foam Genie International, LLC from February 2022 until December 2024. Mr. Longe is also a member of the Board of Directors of Phoenix Franchise Brands, LLC, a position he has held since 2022. Mr. Longe was previously the Chief Revenue Officer of VCM, LLC in Denver, Colorado from 2020 through February 2022. Prior to that he served as a Regional Sales Manager at ILC Dover in Denver, Colorado from January 2018 to January 2022.

#### **Maria Longe – President of Phoenix Franchise Brands**

Ms. Longe has served as President of Phoenix Franchise Brands since December 2024. Previously, Ms. Longe served as our President from May 2022 until December 2024. Ms. Longe also serves as the President of our affiliates Fetch! Pet Care, Inc. since March 2020, and Furry Cuts! Petmobile International, LLC since March 2021. Ms. Longe is also the Vice President of Operations for medspa810, located in Princeton, New Jersey, since January 2020.

#### **Manuel Cypers– Co-Founder & Chief Operation Officer**

Manuel has been our Founder since our inception and has also served as the President of Third Generation Painting since 2005 in Ogden, Utah.

#### **Mitchell Cypers – Co-Founder & Chief Technical Officer**

Mitchell has been a Founder since our inception and has also served as the Vice President of Third Generation Painting since 2005 in Ogden, Utah.

#### **Michael Shinabarger – Vice President of Franchise Administration**

Mr. Shinabarger has served as our Vice President of Franchise Administration since April 2024 and previously served as our Director of Franchise Administration from August 2021 until April 2024. Previously, he was Director of Franchise Administration from July 2021 to October 2021. Mr. Shinabarger is also Vice President of Franchise Administration for our affiliates, Fetch! Pet Care, Inc. and Door Renew International, LLC and has been since October 2021 and July 2021, respectively. He was Director of Franchise Administration for our affiliate, Fetch! Pet Care, Inc. from March of 2020 to October 2021.

#### **Steven McEntire – Vice President of Operations**

Mr. McEntire has served as our Vice President of Operations since March 2022. Prior to that Mr. McEntire was our Director of Business Development from October 2021 until March 2022, and our Business Development Manager from July 2021 until October 2021. Prior to that, he worked as Outside Sales Manager for Holbrook Auto Parts from August 2020 until October 2021 in Farmington Heights, Michigan. From November 2018 to April 2020, Mr. McEntire was an Account Manager for Flex N Gate in Allen Park, Michigan.

#### **Zachary Taha, CPA, CMA, CFE – Chief Financial Officer**

Mr. Taha has served as our Chief Financial Officer since April 2024. From October 2022 until April 2024, Mr. Taha was the audit manager for Cherry Bekaert, an accounting firm in Raleigh, NC. From September 2021 until March 2022, Mr. Taha was the Controller/CFO for Mission Point Healthcare Services. Mr. Taha was employed by UHY, LLP, Certified Public Accountants from January 2020 until September 2021 as a senior auditor.

#### **Cameron Carson- Co-Director of Franchise Development**

Mr. Carson joined Door Renew as Director of Franchise Development in January 2025. Mr. Carson was previously the Managing Member and our Chief Executive Officer at Worried Bird since May 27, 2022. He has been the Managing Member and CEO of the Worried Bird parent, Squeegee Hub, LLC since its inception in February 2018. In June 2013, he has owned and operated our affiliate WorriedBird Window Washing, LLC in American Fork, Utah. He also worked as a digital sales representative for Workfront, Inc. in Lehi, Utah from April 2019 to April 2020.

#### **Eric Redden – Co-Director of Franchise Development**

Mr. Redden has served as Co-Director of Franchise Development at Door Renew since January 2025. Mr. Redden was previously the Owner and Director of Franchise Development at Hypergrowth Franchising, LLC in Charlotte, NC from June 2023 to December 2024. Prior to that, he held various roles at United Franchise Group in Charlotte, NC, including Brand Development Manager, Regional Vice President, and Regional Manager, from February 2018 to May 2023.

### **ITEM 3** **LITIGATION**

#### **Pending Actions Regarding Affiliated Programs**

Our affiliate Door Renew International, LLC, the franchisor of Door Renew franchises, and Longe Home Services Acquisitions, LLC have each been named as a party in the following proceeding listed below. The lawsuit does not have any impact on us or our brand and does not allege any wrongful conduct by us.

OH Endeavors Corporation v. Door Renew International, LLC and Longe Home Services Acquisitions, LLC, (Third Judicial Circuit, County of Wayne, State of Michigan, Case No. 24-012137). Door Renew

entered into an agreement with a former franchisee to repurchase a franchise. As the franchisee failed to pay certain royalties or rent payments due Door Renew, Door Renew sought to offset the amounts due; however, the former franchisee disagreed and filed suit under the note, which contained a confession of judgment provision. A default judgment was entered against Door Renew in the amount of \$151,525.00 on September 9, 2024. Door Renew and the former franchisee have entered into a settlement and the matter will be fully satisfied and resolved in May 2025.

Our affiliate, Spray Foam Genie International, LLC, the franchisor of SprayFoamGenie businesses, Kevin Longe and Gregory Longe have each been named as a party in the following arbitration proceeding listed below. The proceeding does not have any impact on us or our brand and does not allege any wrongful conduct by us.

Jamil v. Spray Foam Genie International, LLC, et al. (Case No. 01-24-0006-5354). On July 18, 2024, Franchisees Tim Jamil, Lisa Jamil, and TL Jamil, LLC (“Jamil”) submitted a Demand for Arbitration to AAA against Spray Foam Genie International, LLC, Kevin Longe, Gregory A. Longe, Spray Foam Genie Managed Services LLC, Rhino 7 Consulting Co. d/b/a Rhino7 Franchise Development Company, Inc, Phoenix Franchise Consulting LLC d/b/a Phoenix Franchise Brands, and Maria Longe alleging breach of contract, violations of the Michigan Franchise Investment Law for misrepresentation of the total investment cost and financial performance, conversion of brand development and advertising funds, and fraud and/or misrepresentation about the financial performance of the franchises. Jamil has sought damages greater than \$1,000,000. The matter remains pending. The defendants have denied all claims and are actively defending this matter.

Our affiliate, Fetch! Pet Care, Inc., and Greg Longe have been named as defendants in the proceeding listed below. The proceeding does not have any impact on us or our brand and does not allege any unlawful conduct by us.

Independent Association of Fetch Pet Care Franchisees v. Fetch! Pet Care, Inc., Greg Longe (Case No. CV0003334) On July 5, 2024, an independent association of franchisees filed suit for alleged violations of franchisees' right to associate under California Franchise Investment Law. The matter remains pending. The defendants have denied all claims and are actively defending the matter.

Our affiliate, Fetch! Pet Care, Inc., has been named as a defendant in the proceeding listed below. The proceeding does not have any impact on us or our brand and does not allege any unlawful conduct by us.

Billings, et al. v. Fetch! Care, Inc., Fetch! Managed Services, LLC, and DOES 1-50 (AAA Arbitration, Case No. 01-24-0008-2566). Forty-nine (49) current and former Fetch! franchisees (“Claimants”) filed an arbitration demand against Fetch!, Fetch! Manages Services, and DOES 1-50. The Claimants are listed below by their individual names and entity names (if applicable). The Claimants allege violations of the Michigan Franchise Investment Law, common law fraud, breach of contract, common law conversion, and breach of the covenant of good faith and fair dealing. Claimants are seeking rescissions of their franchise agreements and undetermined monetary damages. Defendants deny all claims and on April 15, 2025 filed a response seeking dismissal of the group arbitration demand based on claimants’ failure to satisfy the substantive and procedural requirements for mass arbitration and/or class certification.

The actions listed below arose from matters controlled by our affiliates, Fetch! Pet Care, Inc.’s prior owners. The prior owners are no longer affiliated with the Fetch brand in any way, the below matters have not had any impact on us or our brand, and do not allege any unlawful conduct by us or our current ownership group.

1. State of Maryland vs. Fetch! Pet Care, Inc. and Paul Mann (Case No. 2009-0477). On January 4, 2010, in accordance with Sections 14-214, 14-216, 14-223, and 14-231 of the Maryland Franchise Law, the Maryland Attorney General required Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann to sign a Consent Order

(the “Order”) for violations of those sections in that Fetch! sold a franchise prior to its initial registration becoming effective and sold three (3) others after the renewal registration expired. The Order required Fetch! to offer rescission to the franchisees who bought the franchise during the unregistered periods. Two (2) franchisees accepted rescission, and two (2) franchisees deferred their decision. The Order also provides that if Fetch! violates the Order, the Maryland Division of Securities may bring administrative or judicial proceedings against Fetch! for enforcement of the Order. On May 20, 2010, the Order was amended to include three (3) additional unregistered franchise sales. Fetch! offered rescission to the three (3) additional individuals who purchased unregistered franchises in Maryland and all three (3) have accepted rescission.

2. On April 14, 2010, the California Department of Corporations (“DOC”) approved a Notice of Violation under the California Corporations Code, Section 31303, against Fetch! Pet Care, Inc. (“Fetch!”). The Notice was issued because Fetch! violated the California Franchise Investment Law (“FIL”) by offering and selling 35 franchises to 31 individuals after its registration lapsed in April 2006 under the FIL. As of July 1, 2010, Fetch! offered rescission to the individuals who purchased unregistered franchises in California, 17 individuals accepted the offer, and 14 individuals rejected the offer. Fetch! was also required to pay an administrative fee of \$675 to the DOC.

3. State of Illinois v. Fetch! Pet Care, Inc. and Paul Mann, (Seventh Judicial Circuit Court, Sangamon County, Illinois). On April 5, 2011, a Consent Judgment was entered into between the State of Illinois, Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann relating to violations of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 et seq. During the period between February 3, 2008 and the date of the Consent Judgment, Fetch! sold four (4) franchises in Illinois without its disclosure document being registered in the State of Illinois. Fetch! offered rescission to each of these franchisees. Two (2) of the franchisees accepted rescission, and two (2) refused rescission. Fetch! also paid the State of Illinois a penalty of \$10,000 in five (5) installments.

4. State of Rhode Island v. Fetch! Pet Care, Inc. On January 28, 2011, a Consent Order was entered into between the State of Rhode Island and Providence Plantations and Fetch! Pet Care, Inc. (“Fetch!”) relating to violations of the Rhode Island Franchise Investment Act, Section 19-28.1, et seq. On February 8, 2007, Fetch! sold one (1) franchise to a Rhode Island resident without its disclosure document being registered in the State of Rhode Island. Fetch! offered rescission to this franchisee and the franchisee accepted rescission with a total settlement of \$35,000. Fetch! also paid the State of Rhode Island a penalty of \$2,500.

5. Commonwealth of Virginia, ex rel. vs. Fetch! Pet Care, Inc. and Paul Mann (Case No. SEC-2011-00013). On June 15, 2011, in accordance with Section 13.1-560 of the Virginia Retail Franchising Act (“Act”), Section 13.1-557 et seq. of the Code of Virginia, Section 13.1-563 (2) of the Act and Section 13.1-563 (4) of the Act, the State Corporation Commission (“Commission”) required Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann to sign a Consent Order for violations of those sections in that Fetch! sold seven (7) franchises prior to registering its disclosure document and did not provide prospective franchisees with such disclosure documents. The Order required Fetch! to offer rescission to the franchisees who bought the franchise. Fetch! was also required to pay \$2,000 in monetary penalties and \$5,700 for the cost of the investigation. Fetch! offered rescission to each of these franchisees. Four (4) of the franchisees accepted rescission, and three (3) refused rescission.

6. In the Matter of Fetch! Pet Care, Inc. (Hawaii Department of Commerce and Consumer Affairs, Case Number SEU-2010-015), Consent Agreement. In September 2010, Fetch! Pet Care, Inc. (“Fetch!”) entered into a Consent Agreement with the Director of Commerce and Consumer Affairs, State of Hawaii. The Consent Agreement provides that the Hawaii Securities Enforcement Branch determined that Fetch! had, without registration, offered and sold franchises to be operated in Hawaii. Fetch! agreed to pay a \$10,000 civil penalty and to fully comply with all requirements of the Hawaii Investment law.

### Litigation Against Franchisees

Our affiliate, Fetch Pet Care, Inc., has initiated three suits against franchisees as follows:

Suits to Enforce Covenant-Not-To-Compete

1. Fetch! Pet Care, Inc. v. Pam Axelson, Happy Tails Pet Sitting, Inc., and Talon Brown (W.D.N.C. No. 3:24-CV-1010, 2024)

Suits to Collect Royalty Payments

1. Fetch! Pet Care, Inc. v. Wang, (AAA Case No 01-24-0008-2566, 2024).
2. Fetch! Pet Care, Inc. v. Caerulean, LLC and Venetsanos, (AAA Case No 01-24-0008-2782, 2024).

No other litigation is required to be disclosed in this item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy is required to be disclosed in this disclosure document.

**ITEM 5**  
**INITIAL FEES**

Initial Franchise Fee

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$59,000 in full when you sign the Franchise Agreement for your protected territory. A minimum protected territory is defined as a geographic area containing a population of about 400,000. The Initial Franchise Fee for additional units that are purchased at any time during the term of the Franchise Agreement is \$29,000 for the second unit and \$19,000 for the third unit. You must be in good standing to qualify to purchase additional units. The initial franchise fee is uniformly charged for all franchises currently being offered. The initial franchise fee is considered fully earned and is nonrefundable under any circumstances.

Starter Kit: Initial Inventory Package; Equipment Package

Prior to opening, you must purchase from us a “Starter Kit” that includes an initial inventory of chemicals and equipment, as well as all cleaners and personal protective equipment (“PPE”) for the first three months of operations. The costs of the Starter Kit for a single trailer rig range between \$20,000 and \$35,000 as the prices may fluctuate depending on then-current market conditions. The cost of the Starter Kit is fully earned upon payment and non-refundable. You must purchase a Starter Kit for every unit that you will operate.

Proprietary Software

Prior to opening, you must purchase our SCF Proprietary CRM Software (“SCF Software”) which is our all-encompassing software that includes sales reporting, lead source reporting, invoicing, quoting, estimating, quote templates, contracts, and customer data sheets. You must pay us a one-time \$500 set-up fee for the SCF Software, plus an additional \$1785, representing your first three months of SCF Software payments of \$595 per month.

The fees listed in this Item 5 are not refundable under any circumstances. Except as explained and listed above, the Initial fees are uniformly calculated for all Franchised Businesses currently being offered.

**ITEM 6**  
**OTHER FEES**

| Name of Fee                   | Amount                                                                                                                                                                                                                                                                                                                                  | Due Date              | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee                   | 7% of weekly Gross Revenue <sup>1</sup> for the preceding week or the minimum royalty payment, whichever is greater. In Year 1, the weekly minimum royalty is \$175 per week; in Year 2, the weekly minimum royalty is \$249 per week, in Year 3, the weekly minimum royalty is \$415 per week, and \$524 per week in Year 4 and after. | Thursday of each week | Payment is by ACH or automatic virtual check debit. For purposes of calculating the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. A late fee of \$100 per week plus interest at the rate of 1.5% per month or 18% per year on the unpaid balance will be charged on any payments not received by the due date. A fee of \$50 per occurrence will be charged on any ACH or automatic virtual check debits that are returned or refused for processing. |
| Technology Fee                | Currently, \$595 per month (subject to reasonable increase if costs to us increases)                                                                                                                                                                                                                                                    | Monthly               | This fee is for access to and use of certain technology, including CRM Tools training LMS systems, and other training materials, as well as, and access to the local marketing library.                                                                                                                                                                                                                                                                                                                    |
| Autosist Charge               | Currently, \$100 per month.                                                                                                                                                                                                                                                                                                             | Monthly               | This fee is for access to and use of the GPS and preventive maintenance software for equipment. It is required for all vehicles.                                                                                                                                                                                                                                                                                                                                                                           |
| Brand Fund Contribution       | 1% of weekly Gross Revenue, with a minimum of \$50 per week in Year One and \$100 per week in Year 2 and beyond.                                                                                                                                                                                                                        | Thursday of each week | Brand Fund Contributions are paid directly to the National Brand Development Fund. This also helps to support the in-house marketing staff.                                                                                                                                                                                                                                                                                                                                                                |
| Local Advertising Requirement | A minimum of \$2,500 per month for the first vehicle operated by the Franchised Business, plus an additional \$1,000 per month for each additional vehicle                                                                                                                                                                              | Monthly, as incurred  | To our approved marketing vendor. This fee is for SEO costs, digital advertisements, social media marketing, etc. We require you to spend this amount within your Territory to promote your Franchised Business. It is encouraged in the beginning of your business to spend additional funds on grass roots marketing, local home shows, etc.                                                                                                                                                             |
| Administrative Fee            | 4% of Gross Revenue, with a minimum of \$120 per week.                                                                                                                                                                                                                                                                                  | Weekly                | This includes accounting needs, tax filings, payroll facilitation, sales support, marketing support, dedicated operations, support team.                                                                                                                                                                                                                                                                                                                                                                   |

| Name of Fee                      | Amount                                                                    | Due Date                                          | Remarks                                                                                                                                                                                                                                                             |
|----------------------------------|---------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                  |                                                                           |                                                   |                                                                                                                                                                                                                                                                     |
| Late Fees                        | \$100 per week                                                            | As incurred                                       | A late fee of \$100 per week must be paid on any payment to us that is not paid when due.                                                                                                                                                                           |
| Interest                         | 1.5% per week or 18% per annum                                            | As incurred                                       | If you fail to pay us any amount when due, we may charge you interest at the rate of 1.5% per month or 18% per year on the unpaid balance until the payment is received.                                                                                            |
| Credit card processing fee       | 3.5% of total amount debited                                              | Not specified.                                    | Fee will apply if we debit your credit card for royalty or certain other fees.                                                                                                                                                                                      |
| Insurance                        | Amount of premium paid by Steel Coated Floors International, LLC plus 20% | Upon demand                                       | If you do not purchase insurance coverage as required, you must reimburse us this amount to secure insurance coverage.                                                                                                                                              |
| Additional Training <sup>2</sup> | \$300 per day plus reasonable travel expenses                             | Upon your registration for the program or meeting | For training beyond the initial training, you must pay the current training fee per additional employee sent to training.                                                                                                                                           |
| Transfer Fee                     | \$10,000                                                                  | Prior to the transfer of a franchise              | A transfer includes any sale, assignment, conveyance, giving away, pledging, mortgaging, or otherwise encumbering any interest in ownership in the Franchised Business or Franchise Agreement, assets outside of the normal course of business or ownership rights. |
| Renewal Fee                      | \$10,000                                                                  | Upon signing a new franchise agreement            | In addition to the payment of a renewal fee, you must satisfy our other renewal conditions, including signing of our then current form of franchise agreement, the terms of which may materially differ from the terms of your initial franchise agreement.         |
| Interim Franchise Royalty Fees   | Franchisor's then-current Royalty Fee plus 3.5%                           | Thursday of each week when applicable             | An Interim Franchise Fee applies if your Franchise Agreement expires, no renewal franchise agreement is signed, and you continue to operate the Franchised Business.                                                                                                |
| Relocation Fee                   | \$1,000                                                                   | When applicable                                   | If you relocate your franchise business, you must pay us this amount for the cost and expense we incur in connection with your relocation.                                                                                                                          |

| Name of Fee                         | Amount                                                                                                                                                                                                 | Due Date                                                          | Remarks                                                                                                                                                                                                                                                                                   |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Step-In Right Expenses <sup>3</sup> | Amounts will vary                                                                                                                                                                                      | As incurred                                                       | 15% of gross revenue. See footnote 3 for more information.                                                                                                                                                                                                                                |
| Audit Fees                          | Amounts owing plus interest at prime (as stated in the Wall St. Journal) plus 3% per year plus the cost of the audit in some circumstances. The range of cost for the audit is from \$1,500 to \$4,500 | At the time of audit.                                             | Audit shall be conducted upon our belief that your reported figures are not accurate. If the audit finds an understatement in any payment of 2% or more, franchisee shall pay the costs and expenses of the audit.                                                                        |
| Sales outside of Territory Fee      | Up to 100% of any revenue generated from one client.                                                                                                                                                   | As set by us periodically. Currently 10 days after notice from us | Imposition of any fee is at our sole discretion.                                                                                                                                                                                                                                          |
| Cost of Enforcement                 | Our actual costs, including attorney fees                                                                                                                                                              | As incurred                                                       | You must reimburse us for all costs to enforce obligations under the Franchise Agreement if we prevail.                                                                                                                                                                                   |
| Indemnification <sup>4</sup>        | Our actual costs, including attorney fees                                                                                                                                                              | As incurred                                                       | You must defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business. Payable as incurred by us.                                                                                                              |
| Taxes                               | Amount of taxes                                                                                                                                                                                        | When incurred                                                     | You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.                      |
| System Standard Violation           | All costs of inspection and audit                                                                                                                                                                      | As incurred                                                       | If you fail to adhere to the System Standards, you must reimburse us for any, and all costs and expenses associated with counsel, inspection, support, assistance, travel enforcement rendered to and against Franchisee regarding said System Standards violation and/or non-compliance. |
| Annual Convention Fee               | Then-current fee we determine to charge to System franchisees. Currently, we expect that this fee will be                                                                                              | At least 30 days prior to Convention                              | We reserve the right to conduct an annual conference and/or convention for all System owners and operators, including System franchisees, and we may require that you and any Designated Manager you have in connection with your Franchised Business                                     |

| Name of Fee                                           | Amount                                                                                                                                                       | Due Date              | Remarks                                                                                                                                                                                                                             |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | between \$1,000 and \$1,5000 (per attendee)                                                                                                                  |                       | attend and participate in this annual event for a period of up to five (5) business days.                                                                                                                                           |
| Post-Term Compliance                                  | The amounts you will need to incur to de-identify and otherwise comply with post term obligations upon expiration or termination of your Franchise Agreement | As incurred post-term | Please see Item 17 and our current form of Franchise Agreement for additional information regarding these obligations.                                                                                                              |
| Legal Fees and Expenses in Connection with Default(s) | Actual costs and expenses incurred                                                                                                                           | As incurred           | You shall pay us for any costs and expenses we incur if you fail to pay amounts when due or if you fail to comply with the Franchise Agreement in any way. These costs and expenses include but are not limited to attorneys' fees. |

Notes: All fees are nonrefundable and uniformly imposed on all new franchisees. Some franchisees under future versions of our franchise agreement may be obligated to pay more, less, or different fees than what is listed here.

1. The term “Gross Revenues,” as used in this Agreement, shall mean all sales and other income (recognized on an accrual basis), whether cash or credit or barter for exchange (regardless of the collection in the case of credit), arising from the operation of the Franchised Business, less (i) all refunds and discounts made to customers in good faith and in accordance with Franchisor’s policies, and (ii) any sales or excise taxes that are separately stated and that Franchisee may be required to and does collect from customers and pays to any federal, state, or local taxing authority.

2. We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training, including attendance at a national business meeting or annual convention, at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor’s national business.

3. In the event of your death or disability, absence of a qualified manager, or other reasons, in our sole discretion, we may provide interim on-site management of your Franchised Business. In the event of your default of the Franchise Agreement or non-compliance with the Operating Manual, we may, in our sole discretion, exercise our right to temporarily operate your Franchised Business to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and Operating Manual. We will charge you a fee equal to 15% of the Gross Revenue generated by the Franchised Business during our operation thereof, in addition to all ongoing fees owed to us.

4. You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages

arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

5. You are required to use our designated third-party vendor for monthly equipment maintenance and accreditation services and pay all fees charged by the vendor, which are subject to change.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

| <b>TYPE OF EXPENDITURE</b>                                                       | <b>ACTUAL OR ESTIMATED AMOUNT (LOW)</b> | <b>ACTUAL OR ESTIMATED AMOUNT (HIGH)</b> | <b>METHOD OF PAYMENT</b>                         | <b>WHEN DUE</b>                         | <b>TO WHOM PAYMENT IS TO BE MADE</b>                                     |
|----------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------|--------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------|
| Initial Franchise Fee <sup>1</sup>                                               | \$59,000                                | \$59,000                                 | Lump Sum                                         | Upon signing your Franchise Agreement   | Us                                                                       |
| Rent- 3 months; Lease Deposit <sup>2</sup>                                       | \$0                                     | \$4,000                                  | As Arranged                                      | As incurred                             | Landlord                                                                 |
| Leasehold Improvements, Construction and/or Remodeling <sup>3</sup>              | \$2,000                                 | \$5,000                                  | As required by supplier, contractor, or landlord | Before opening, as required by supplier | Suppliers, contractor and/or Landlord, supplier, contractor, or landlord |
| Starter Kit: Initial Inventory and Equipment Package, and Software. <sup>4</sup> | \$22,380                                | \$37,285                                 | Lump Sum                                         | Before Opening                          | Approved Supplier (currently, us)                                        |
| Vehicle, Trailer, and Other Equipment <sup>5</sup>                               | \$2,000/mo                              | \$4,000/mo                               | As Arranged                                      | Before Opening                          | Third-Party Suppliers                                                    |

|                                                                                         |                   |                  |                                  |                             |                                                                                                               |
|-----------------------------------------------------------------------------------------|-------------------|------------------|----------------------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------|
| Utilities Deposits                                                                      | \$1,000           | \$1,500          | As required by utility providers | Before Beginning Operations | Utility Providers                                                                                             |
| Grand Opening Advertising and Initial Marketing Spend (first three months) <sup>6</sup> | \$20,000          | \$25,000         | As required by supplier          | As required by supplier     | Us and Vendors                                                                                                |
| Furniture, Fixtures and Equipment                                                       | \$2,000           | \$4,000          | As Arranged                      | Before Opening              | Suppliers                                                                                                     |
| Costs and Expenses Incurred in Connection with Initial Training Program <sup>7</sup>    | \$1,500           | \$6,500          | As Arranged                      | As Incurred                 | Third-Party Providers                                                                                         |
| Computer System – Equipment <sup>8</sup>                                                | \$500             | \$2,000          | As Arranged                      | As Arranged                 | Approved Supplier(s)                                                                                          |
| Signage <sup>9</sup>                                                                    | \$0               | \$2,500          | As Arranged                      | Before Opening              | Approved Supplier(s)                                                                                          |
| Licenses/Permits and Professional Services <sup>10</sup>                                | \$2,000           | \$4,000          | As Arranged                      | Before Opening              | Third-Party Professionals                                                                                     |
| Prepaid Insurance Premium(s) <sup>11</sup>                                              | \$500             | \$4,500          | As Arranged                      | Before Opening              | Third-Party Insurance Agency                                                                                  |
| Additional Funds – 3 Months <sup>12</sup>                                               | \$10,000          | \$15,000         | As Incurred                      | After opening.              | Approved Supplier; other third-party suppliers; possibly a lessor of third party space; various other parties |
| <b>Total Estimate(s)<sup>15</sup></b>                                                   | <b>\$ 122,880</b> | <b>\$174,285</b> |                                  |                             |                                                                                                               |

## **Explanatory Notes to Item 7 Chart Above**

Generally. The Chart above relates to the operation of the Approved Location from a home office over an initial ramp-up period of three (3) months from the date you are authorized and launch operations of your Franchised Business. If you have a quiet and organized workspace at home, then you may initially launch and operate your Franchised Business from the dedicated workspace. You will need approximately 250 to 1,000 square feet of secure storage for inventory and equipment. If you have such storage capabilities at home, then you do not need to acquire dedicated storage. If you do not have sufficient storage capabilities at home, you are permitted to rent storage space, but you are expected to do so in a public storage facility or private garage. If you choose to operate your Steel Coated Floors Franchised Business from a location other than from your home and/or rent storage space, you will incur additional expenses, such as lease payments and leasehold improvements. We reserve the right, but not the obligation, to review, inspect and approve your proposed rented storage space that you will dedicate for the operation of your System Business.

All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on a number of factors, including market condition and the geographic location of your Steel Coated Floors Business.

1. Initial Franchise Fee. The Initial Franchisee Fee is described more fully in Item 5 of this Disclosure Document.
2. Rent; Lease Deposit. If you do not have a quiet organized space at home to be your office and/or do not have 250 to 1,000 square feet of storage space, you will need to secure a retail office premises and/or commercial storage space for the Franchised Business. The low estimate assumes you will not need to lease office and/or storage space, and the high estimate assumes you will lease a total of 1,000 square feet at a cost of around \$1 per square foot. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs depending upon location. Lease costs will also vary based upon variance in square footage, cost per square footage, local market commercial lease rates, and required maintenance costs. This estimate covers your cost for the security deposit. The remainder of the rent expense during the first three months is covered under Additional Funds. The amounts paid are typically not refundable except for a security deposit, which may be refunded.
3. Leasehold Improvements. Franchisees may have additional costs if they do not work out of a home office or need to lease storage space. Your cost for leasehold improvements to an existing building will vary depending upon the size of your Approved Location, the condition of the premises, and its geographic location. If you are converting an existing office space into an Approved Location, your costs may be higher or lower depending on the available assets, fixtures and conversion costs. Construction costs in some areas of the country may exceed these estimates. Your landlord may provide some or all of these improvements at no additional cost. You may also be provided free rent for a period of time by your landlord.
4. Starter Kit: Initial Inventory and Equipment Package. You must purchase from us a “Starter Kit” that includes the Initial Inventory of chemicals, which is two parts of epoxy products (in two colors), flake (in various colors), and sealer. The Equipment Package includes cords, blowers, drills, brooms, rollers, brushes, poles, safety gear and other various hand tools and supplies necessary to provide the Approved Services. You are required to purchase this equipment only through our approved vendors with approved financing vendors.
5. Vehicle, Trailer, and Other Equipment. You must have a vehicle that meets our specifications. It is necessary to have the vehicle wrapped with our trade dress. The range we have estimated is for the

purchase or financing of a new vehicle. This also includes your grinder/vacuum system that will be inside the trailer.

6. Grand Opening Advertising and Initial Marketing Spend. You must spend a minimum of \$20,000 on your Grand Opening Advertising to develop and implement an opening advertising campaign that you must implement prior to the initial launch of your Franchised Business through your first few weeks of operation (the “Grand Opening Advertising”). All promotional activities must be approved in advance by us. The amounts you spend for initial marketing and advertising are typically not refundable. Your Grand Opening Advertising includes an Initial Marketing Spend of \$2,500 per month for the first three months of operation (\$7,500 on your Initial Marketing Spend). The Initial Marketing Spend must also include a Marketing Kit containing the printed collateral used for the business such as business cards, door hangers, and yard signs.
7. Training Expenses. This estimate is for the cost for you plus 2 (two) to attend the initial training program held in Livonia, MI or other areas we deem appropriate. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include any wages or salary for you or your trainee(s) during training.
8. Computer Equipment. You must use a computer and POS system meeting our standards and specifications, including hardware and software. The low estimate assumes that you have a personal computer and related equipment that meets our standards and specifications. The high estimate assumes that you will need to purchase a computer or laptop, and/or related computer hardware or software.
9. Signage. If you secure a third-party space for your home office, you may, but are not required to, obtain exterior or interior signage for your Franchised Business.
10. Licenses and Professional Services. 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.
11. Prepaid Insurance Premium. Business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate your Franchised Business, and national or local market conditions.
12. Additional Funds. This range estimates the amount of additional working capital you will need during the first three (3) months of operation to pay other expenses, including payroll for employees, purchasing ongoing supplies and additional expenses, primarily other job costs that must be expended prior to receiving payment. These amounts do not include any estimates for debt service. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting the business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the level of sales reached during the start-up phase of the business.
13. Total Estimated Initial Investment. This is the total estimated initial investment for the first three (3) months of operation. We have based these estimates on our conversations with vendors, retail prices

of equipment, the price of the Equipment Package, Initial Inventory, Marketing Kit, Grand Opening Advertising, and other reasonable information and sources of information. We do not directly or indirectly offer financing for your initial investment. Your costs may vary based on a number of factors including but not limited to the geographic area in which you operate, local market conditions, and the time it takes to build up initial sales of your Franchised Business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate your Franchised Business according to our “System Standards,” as described in the Franchise Agreement, including mandatory and suggested specifications, standards, operating procedures, and rules which may require you to purchase various goods, services, or other supplies, and the Operations Manual and various other confidential manuals and writings prepared for use by you in operating a Franchised Business, and which we may change at our sole discretion. We will formulate and modify the System Standards based on our franchisees’ experiences in operating their respective Franchised Business. Our System Standards may impose requirements for performance, reputation, quality, and appearance. We reserve the right to modify the System Standards from time to time in writing and which you must comply with such modification within the time period we prescribe.

#### **Designated and Approved Products and Suppliers**

You are required to purchase certain inventory, supplies and equipment from us, an affiliate or suppliers that we designate, including equipment, cleaning supplies, safety supplies, and any other products that we specify. Currently, you must purchase through us all chemicals and coatings necessary to operate the Franchised Business, as well as the Starter Kit and the SCF CRM Software. You must use the services of our approved credit card processing vendor for any credit card transactions processed for the Franchised Business, as well as the services of our approved payroll and accounting vendor. In some instances, we may have only one approved vendor of certain services, and you will be required to use such vendor for its specified service.

For any product or service that we designate an approved supplier, you may not purchase these products and services from any other suppliers. We may designate new or different approved suppliers, including designating ourselves or one of our affiliates as an approved supplier of any goods or services. The criteria for designating approved suppliers include a supplier’s ability to meet quality standards, availability, and consistency of the products or services. The criteria for designating and approving suppliers are not published and are not made available to franchisees. Franchisees may not contract with alternative suppliers for designated products or services.

To approve a supplier, we require a sample of the product(s), information regarding the product or service’s quality standards, availability, terms and conditions of purchase, and other information as we may request. If desired, we may request a physical inspection of the supplier’s place of business or manufacturing facility. Upon submission of samples and information required for approval, we will provide notification within 30 days of our approval or disapproval of a supplier. As a condition of approval, we require the reimbursement of any costs or expenses we incur in approving the supplier. We may revoke the approval of any supplier upon 30 days’ written notice to franchisees.

We estimate that assuming the estimated minimum initial costs to begin operations and other financial obligations are within the ranges described in Item 7 of this disclosure document, the proportion of your purchases and leases of goods and services from approved suppliers or of products that meet our

specifications to be approximately 70% to 80% of all the purchases and leases in establishing your Steel Coated Floors Franchised Business and approximately 60% to 70% of your ongoing costs of operating your Steel Coated Franchised Business.

We and/or our affiliates expect to receive revenue from franchisees purchases and leases from our designated or approved suppliers for chemical, coatings, marketing, software, financing and equipment.

In our most recently concluded fiscal year ending December 31, 2024, neither we nor our affiliates received any such revenue.

Steel Coated Floors has a formal, mandatory purchasing requirement for chemicals, coatings and equipment with our approved suppliers.

We do not provide a material benefit to franchisees based on a franchisee's purchases of particular products or services or the use of particular suppliers.

Once you have your Initial Starter Kit Package, we expect that you will purchase additional Designated Epoxy Product and the recurring inventory/supplies directly from our Approved Supplier (which, as of the Issuance Date, is a third party).

#### The Site of the Franchise Business.

The site for your Franchised Business is a flex heated warehouse space ("Site") and mobile vehicle and must be located within your Territory. We provide standards for the Site and the mobile vehicle. We currently don't review the Site but reserve the right to do so.

#### Supplies, Fixture, Equipment, and Inventory

All the equipment, supplies, fixtures, inventory, products for your Franchised Business must comply with Steel Coated Floors Standards and specifications.

#### Computer System

You must buy and use a computer with Windows 10 or greater operating system, smartphone, printer, and scanner; and fax is optional. You may not install, or permit to be installed, any devices, software, or other programs not approved by us for use with the communication and information system. We may, from time to time, develop or authorize others to develop proprietary software programs for use in the Steel Coated Floors System, which you may be required to purchase or license and use. You may be required to execute any license, sublicense, or maintenance agreement and pay any applicable fees, including maintenance, upgrade and support fees required by us or any other approved licensor or approved supplier of such proprietary software programs.

We and our affiliates reserve the right to derive revenue from the Required Purchases you make from us and our affiliates, as well as purchases made from our designated and approved suppliers.

#### Maintenance and Upgrades of Vehicle/Trailer

You are responsible for maintaining and repairing Approved Vehicles and/or Approved Trailers that you must acquire and use in connection with your Franchised Business at your own expense, in accordance with the requirements specified in the Manuals and any manufacturer's warranties. If we require you to upgrade, add to, or cease using the Vehicles/Trailers, we must give written notice to you of any additional or replacement Vehicles/Trailers that you must purchase. You may not make any material alternation, addition, replacement or improvement to your Vehicles/Trailers, including their fixtures, furnishings, signs and equipment, without our prior written consent. If a Vehicle is more than years old, we may require you to

replace it. Currently, we do not require you to purchase a vehicle/trailer if you would prefer to lease or use an existing commercial van, box truck or trailer. We do require that you obtain a vehicle wrap for any vehicles used by you in the Business, installed by a vendor that we have approved.

### Advertising and Promotional Materials

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Operations Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the twelve (12) months prior to the date of your proposed use.

### Insurance

You must purchase and maintain, at your own expense, insurance covering the operation and location of your Franchised Business as we may require. You must purchase the required insurance at least 20 days before opening your Franchised Business or upon signing a lease agreement for the premises of your Franchised Business (if you are not operating from a home office), or upon signing an agreement with a storage facility (if you are not storing inventory and equipment at a home office), whichever comes first. The limits described in the paragraph below are the minimum amounts that you are required to purchase. We reserve the right to modify the minimum amounts upon written notice. If you are located in a jurisdiction or sign a lease or contract that requires a higher level of coverage than the amounts provided below, then you must obtain the higher level of coverage that is required by the jurisdiction or the terms of the lease or contract. If you sign a lease or contract that does not require as much coverage, you must still purchase enough insurance to meet our requirements.

You must purchase and maintain the following types and amounts of insurance: (i) Commercial General Liability Insurance to cover all premises operating under your Franchised Business in the minimum amount of \$1,000,000 per occurrence, \$2,000,000 aggregate; (ii) Business Automobile Liability insurance, including owned, leased, non-owned and hired automobiles coverage in an amount not less than \$1,000,000, and (iii) Workers' Compensation and Employer's Liability Insurance in an amount that complies with the statutory requirements of the state in which your Franchised Business is operated; (iv) Products Liability Insurance not less than \$2,000,000 per incident and \$2,000,000 in the aggregate; (v) Umbrella Liability in the minimum amount of \$5,000,000 in excess of all other policies; (vi) such insurance as necessary to provide coverage under the indemnity provisions set forth in the Franchise Agreement.

We must approve all insurance carriers in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You must carry insurance required by the lease of your Approved Location or by any of your lenders or equipment lessors and such workers compensation insurance as may be required by applicable law. You must deliver a certificate of insurance to us at least 20 days before opening your Franchised Business and 10 days before any renewal of the required policies as evidence that all insurance requirements have been met. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

You must add us and any other parties we may choose to all insurance contracts as additional insureds under the insurance policies (except Workers' Compensation Insurance) at your expense. All insurance policies will contain a waiver of subrogation in our favor and anyone we select. If you do not purchase insurance coverage as required and, at our option, we purchase insurance coverage on your behalf, you must reimburse

us the amount of the premium paid by Franchisor plus 20%.

**ITEM 9**  
**FRANCHISOR'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. This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations under these agreements and in other items of this disclosure document.

The Section references are to those in the Franchise Agreement and unless otherwise noted.

| <b>Obligation</b>                                          | <b>Section in Franchise Agreement</b> | <b>Item in This Disclosure Document</b> |
|------------------------------------------------------------|---------------------------------------|-----------------------------------------|
| a. Site selection and acquisition/lease                    | Article IV                            | Items 6 and 11                          |
| b. Pre-opening purchase/leases                             | Section VI(B)                         | Item 8                                  |
| c. Site development and other pre-opening requirements     | Article IV                            | Items 6, 7, and 11                      |
| d. Initial and ongoing training                            | Article V                             | Item 11                                 |
| e. Opening                                                 | Article IV                            | Item 11                                 |
| f. Fees                                                    | Article III                           | Items 5 and 6                           |
| g. Compliance with standards and policies/operating manual | Article VI and Article VIII           | Item 11                                 |
| h. Trademarks and proprietary information                  | Article XII                           | Items 13 and 14                         |
| i. Restrictions on products/services offered               | Section VI(D)                         | Item 16                                 |
| j. Warranty and customer service requirements              | Section VII(G)                        | Item 11                                 |

| <b>Obligation</b>                                       | <b>Section in Franchise Agreement</b> | <b>Item in This Disclosure Document</b> |
|---------------------------------------------------------|---------------------------------------|-----------------------------------------|
| k. Territorial development and sales quotas             | Section VII(C)                        | Item 12                                 |
| l. Ongoing product/service purchases                    | Article IX, Article VI                | Item 8                                  |
| m. Maintenance, appearance, and remodeling requirements | Section VI(H)                         | Item 11                                 |
| n. Insurance                                            | Article XI(B)                         | Items 6 and 8                           |
| o. Advertising                                          | Article XIV                           | Items 6 and 11                          |
| p. Indemnification                                      | Article XI and XX                     | Item 6                                  |
| q. Owner's participation/management/staffing            | Section VII(A)                        | Items 11 and 15                         |
| r. Records and reports                                  | Article X                             | Item 6                                  |
| s. Inspections and audits                               | Section X(B)                          | Item 17                                 |
| t. Transfer                                             | Article XV                            | Item 17                                 |
| u. Renewal                                              | Section II(B)                         | Item 17                                 |
| v. Post-termination obligations                         | Article XVI and Article XVII          | Item 17                                 |
| w. Non-competition covenants                            | Article XVIII                         | Item 17                                 |
| x. Dispute resolution                                   | Article XIX                           | Item 17                                 |
| y. Other:                                               | Not Applicable                        | Not Applicable                          |

**ITEM 10**  
**FINANCING**

We do not expect or intend to directly or indirectly finance any portion of the franchise being offered in this Disclosure Document.

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

**Except as listed below, Steel Coated Floors is not required to provide you with any assistance.**

**A. Pre-Opening Obligations.**

Before you open your Franchised Business, we will provide you with the following assistance:

1. Determine and designate your Territory. (Franchise Agreement, Section 1.2).
2. We will work with our suppliers to compile and send you the Initial Marketing Kit, Initial Inventory Package, and Equipment Package after you have paid the fees for such items and materials. (Franchise Agreement, Section 6).
3. Provide you with our list of all items and equipment needed to open your Franchised Business, along with our proprietary list of Approved Suppliers for those items (as applicable). (Franchise Agreement, Sections 6).
4. Provide you with access to our then-current Operations Manuals that, as of the Issue Date, is approximately 46 pages in length. You must operate the Franchised Business in accordance with the Operations Manual and all applicable laws and regulations. The Operations Manual may be amended or modified to reflect changes in the System. You must keep the Operations Manual confidential and current and may not copy any part of any Operations Manual. (Franchise Agreement, Section 6). The table of contents for our Operations Manual as of the Issuance Date of this Disclosure Document is attached as Exhibit H.
5. Provide you and up to two (2) additional personnel, which must include any Designated Manager or initial person that will be primarily responsible for providing the Approved Services, with certain pre-opening training that you must attend and complete to our satisfaction, in accordance with the initial training chart below. (Section 8 of the Franchise Agreement).

**INITIAL TRAINING PROGRAM**

| <b>SUBJECT</b>  | <b>HOURS OF<br/>CLASSROOM<br/>TRAINING</b> | <b>HOURS OF ON-<br/>THE-JOB<br/>TRAINING</b> | <b>LOCATION</b>                                     |
|-----------------|--------------------------------------------|----------------------------------------------|-----------------------------------------------------|
| Brand Awareness | 4                                          | 2                                            | Livonia, MI, or<br>another location<br>we designate |

|                                                          |           |           |                                                                           |
|----------------------------------------------------------|-----------|-----------|---------------------------------------------------------------------------|
| Product Knowledge                                        | 8         | 8         | Livonia, MI, or another location we designate                             |
| Marketing/Customer Relations                             | 8         | 2         | Livonia, MI, or another location we designate                             |
| Bid, Payments, Accounting, Chart of Accounts, Reporting* | 16        | 0         | Livonia, MI, or another location we designate                             |
| Floor Prep                                               | 1         | 4         | Livonia, MI, or another location we designate, or onsite at your location |
| Grinding Floors                                          | 1         | 8         | Livonia, MI, or another location we designate, or onsite at your location |
| Product Applications                                     | 1         | 6         | Livonia, MI, or another location we designate, or onsite at your location |
| Equipment Maintenance                                    | 1         | 2         | Livonia, MI, or another location we designate, or onsite at your location |
| <b>TOTALS</b>                                            | <b>40</b> | <b>32</b> |                                                                           |

*\*You may also be required to participate in and complete third-party training (detailed more fully below) on these topics of instruction, to the extent the instruction deals with using one (1) or more of our required software program(s).*

The Initial Training Program must be completed prior to opening the Franchised Business and within 120-150 days of signing the Franchise Agreement. Instructional materials, including the Operations Manual, will be provided to you as necessary as you proceed through each of the components of the Initial Training Program. The Initial Training Program is subject to change without notice to reflect updates in the materials, methods and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. We do not currently have a set training schedule, but our Initial Training Program will be made available on an as-needed basis subject to the availability of our personnel.

At the conclusion of the Initial Training Program, we, at our sole discretion, will either certify that you have successfully completed the Initial Training Program, or we will require you to complete further training in order to be certified. If you have not completed the Initial Training Program to our complete satisfaction, you will not be permitted to commence operations of the Franchised Business.

Our training managers and their years of experience within the industry and with Steel Coated Floors are listed below. Our training managers may utilize other employees to assist them with all aspects of training. Failure to complete initial training to our satisfaction within the applicable time period may result in termination of the Franchise Agreement. (Section 8.1 of the Franchise Agreement).

| <b>Instructor</b> | <b>Years of Experience in the Industry</b> | <b>Years of Experience with Franchisor or the Affiliate/Business Generally</b> |
|-------------------|--------------------------------------------|--------------------------------------------------------------------------------|
| Manuel Cypers     | 29                                         | 9                                                                              |
| Mitch Cypers      | 29                                         | 9                                                                              |

### *Third-Party Training*

We expect and intend to work with certain third-party Approved Suppliers and, as we direct in our Manuals or otherwise in writing, you may be required to participate in, attend and otherwise complete certain remote or other training courses and/or classes prior to and/or after launching your Franchised Business. As of the Issue Date, we expect that any third-party training (if required) will involve between four (4) and eight (8) hours of content and/or instruction prior to opening. You will be required to cover all costs and expenses associated with you and your personnel providing the Approved Services completing such third-party training.

### *Other Training-Related Disclosures*

We will train any additional or replacement personnel, subject to the availability of our personnel, at our corporate headquarters, or any other location we may select. We reserve the right to charge our then-current training tuition fee in connection with any manager or personnel that does not attend and complete such training prior to the launch of the Franchised Business when you attend such training, which is presently \$5,000 per trainee plus expenses. (Franchise Agreement, Section 8.1). You may only use the training materials we provide you with to train your other employees. We will provide updated training materials to you as we develop them. All training materials we provide you with will remain our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. (Franchise Agreement, Section 8.1).

### B. Site Selection Assistance.

You will need approximately 250 to 1,000 square feet of secure storage for inventory and equipment. We reserve the right, but not the obligation, to review, inspect and approve your proposed office and storage space for the Approved Location. In deciding whether to approve a business office or separate office space, we may consider (i) demographic characteristics, (ii) traffic patterns, (iii) competition from other businesses selling similar products and services, (iv) zoning restrictions, and (v) other physical characteristics of the proposed site. You will be required to locate and obtain the Approved Location within 120 days of the date you execute your franchise agreement. If we cannot agree on a site or you do not obtain a location within

120 days of the date you execute the franchise agreement, we may terminate the franchise agreement. All costs of and connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, signs, and zoning compliance are your responsibility. (Franchise Agreement, Section 7.1)

### Time To Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is 90-120 days (Section IV(B) of Franchise Agreement). Before you may open, you must (i) complete our Initial Training Program, (ii) hire and train your staff, if required, (iii) acquire and brand your vehicle, and (iv) obtain required licenses to operate the Franchised Business. Factors that may affect this time period include your ability to acquire license and permits and completion of required training. If you have not opened your Franchised Business within 180 days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the prescribed times is a default of the Franchise Agreement.

### After the Franchised Business Opens

1. In the event of relocation, additional replacement of the workshop or vehicle, we do not select the site for your Franchised Business. We approve the Site, including the workshop and vehicles for your Franchised Business (Section IV of the Franchise Agreement).
2. We maintain and provide updated standards, specifications, and designated and approved suppliers for all the equipment, supplies, products, and other materials you will need to operate the franchised business (Section VI of the Franchise Agreement).
3. We maintain and provide an updated listing of all products and services that your Franchised Business may offer (Franchise Agreement Article VI).
4. We provide initial training for replacement staff and managers (Section V of the Franchise Agreement).
5. We may provide additional and ongoing training for staff and managers (Section V of the Franchise Agreement).
6. We may organize an annual conference for all Steel Coated Floors franchisees and staff (Section V of the Franchise Agreement).
7. If you do not resolve a dispute with a client, we may investigate the matter and resolve the dispute (Franchise Agreement VII).
8. We provide continuing assistance in operating your Steel Coated Floors Franchise Business (Section V of the Franchise Agreement).
9. We loan or make available to you any updates and changes to the Steel Coated Floors Operating Manual (Section XV of the Franchise Agreement).
10. We review your Steel Coated Floors advertising material (Section XV of the Franchise Agreement).
11. We provide recommended and suggested pricing for the Franchised Business products and services. Pricing may vary depending on your market. You must fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional, and other programs, initiatives, and campaigns adopted by us that we require you to participate in (Section VI of the Franchise Agreement).

12. We shall approve any replacement Designated Manager of your Franchised Business. We do not select or hire your employees. (Section VIII of the Franchise Agreement).

#### Advertising.

At your request, we will provide marketing consultation, general advertising strategy, promotional planning, and budgeting. We are not obligated to conduct advertising or spend any amount of money on advertising in your Territory or area.

All your Steel Coated Floors advertising in any medium must be conducted in a dignified manner, be completely accurate and truthful and conform to all applicable laws and regulations relating to consumer advertising and Steel Coated Floors System Standards. You must submit to us and obtain our prior approval for all advertising and promotional plans and materials and all other materials displaying the Steel Coated Floors Marks. You may not use your advertising materials unless we issue you written approval to do so. Post submission to us, we shall within fifteen (15) days notify you of approval or disapproval of advertisements. You may not establish or maintain a domain name, an internet website, webpage, or Social Media that relates to or advertises your Steel Coated Floors Franchised Business or displays the Marks, as we reserve the exclusive right to control any websites or web pages or Social Media concerning Steel Coated Floors Franchised Businesses and the Marks. We have the right to use and have ownership of any Franchisee developed advertising.

#### Local Digital Advertising.

We require you to spend at least \$2,500 per month on the first trailer rig operated by the Franchised Business, for local advertising within your Territory to solicit new clients and to maintain existing relationships. These amounts will cover SEO costs, digital advertisements, social media marketing, Google My Business, etc. We reserve the right to require you to direct some or all of your Local Advertising expenditure to marketing vendor(s) we designate (which may be us or our affiliates) who will implement Local Advertising on your behalf.

#### Grand Opening Advertising.

We require you to spend at least \$20,000 on advertising and promotional activities during the 3 months prior to the opening of your Franchised Business. This includes Local Digital advertising of at least \$2,500 per month on the first trailer rig operated by the Franchised Business, as set forth hereinabove.

We encourage you to participate in local home shows and networking events as part of your Grand Opening Advertising to build the local brand in your community. You may choose to spend more. Factors that may affect your decision on the actual amount to spend include local media cost, the location of the Franchised Business, and customer demographics in the surrounding area. We reserve the right to require you to direct some or all your grand opening advertising expenditures to marketing vendor(s) we designate (which may be us or our affiliates) who will implement grand opening campaign activities on your behalf.

#### Regional Advertising Cooperatives.

Currently, you are not required to participate in any Regional Advertising Cooperatives or funds. However, we reserve the right to establish a regional fund or cooperative in the future, and require you to participate, at our sole discretion. A regional cooperative will be comprised of all franchised Steel Coated Floors outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, at our sole discretion. Each Steel Coated Floors outlet will have one vote in the cooperative. However, no cooperative will be formed or maintained that result in our affiliate-owned outlets having controlling voting power. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we

request and become a member of the cooperative according to the terms of the documents. There are no current cooperative documents available for you to review.

If we establish a regional advertising fund or cooperative, each Steel Coated Floors outlet, whether franchise-owned or affiliate-owned, must contribute amounts equal to each outlet's pro-rata share of cooperative advertising costs. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Development Fund and required expenditures for local advertising.

#### Brand Development Fund.

We reserve the right to establish a systemwide brand fund (the "Brand Development Fund"), and once established, you are required to contribute to the Brand Development Fund 1% of weekly Gross Revenue generated by the Franchised Business, subject to a minimum of \$50 per week in Year 1 and a minimum of \$100 per week beginning in Year 2 and continuing thereafter ("Brand Development Fund Contribution"). Each Steel Coated Floors franchise operated by our affiliates or us may, but is not obligated to, contribute to the Brand Fund on the same basis as System franchisees.

All Steel Coated Floors Brand Development Fund Contributions are maintained in a separate account and may be used for maintaining, administering, researching, directing, and preparing advertising and/or promotional activities, including, without limitation, the costs of preparing and conducting advertising campaigns, which may be local, regional or national, in various media; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; product development; and developing and providing promotional and other marketing materials for franchisees in the System. We are reimbursed for any labor or services that we provide to the fund and for any costs that we incur for or on behalf of the fund. Except as disclosed above, neither we nor any affiliate of ours will receive any payment from the fund. We do not use any Brand Development Fund Contribution dollars for soliciting new franchise sales; however, we reserve the right to include a notation in any advertisement indicating "Franchises Available". (Sections IV of the Franchise Agreement).

The Brand Fund will not be audited. Once established, an annual unaudited financial statement of the Brand Fund will be made available after April 30 to any franchisee upon written request.

If excess amounts remain in the Brand Development Fund at the end of the year, the unused monies shall be retained by the Brand Development Fund, and all expenditures in the following year(s) shall be made first out of accumulated earnings from the previous year(s), next out of earnings in the current year, and finally from Brand Development Fund Contributions.

#### Franchise Advisory Council.

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, at our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance, and profitability. We have the right to change or dissolve the council at any time.

#### C. Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Business, including without limitation: (i) a laptop or other computer that meets our System specifications and is capable of running accounting software such as QuickBooks; (ii) printers and other peripheral hardware/devices; (iii) a POS System we designate; (iv)

other required software applications and programs we designate for CRM and/or other functions of the Franchised Business operations; and (vii) Internet access mode and speed that meets our requirements; (collectively, the “Computer System”). We may also require you to use designated software in connection with the Computer System and Franchised Business.

We have the right, but not the obligation, to develop or otherwise designate: (i) computer software programs that you must use in connection with any component of the Computer System (the “Required Software”), which you must install at your sole expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you must also install at your expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. (Franchise Agreement, Section 7.8.).

You will also be required to purchase approved accounting software for your Computer System, such as QuickBooks Online®, which currently costs approximately \$300 per year. We may require you to enter into license agreements, with us or with third parties, to use certain software programs, including Microsoft Office Suite.

We estimate that the cost to obtain your Computer System and any Required Software will be between \$2,000 and \$2,500 (or lower if you already have existing hardware that you can dedicate and use solely in connection with your Franchised Business). Thereafter, we estimate that the annual costs you will incur in maintenance and support contract, as well as any upgrade to your Computer System and Required Software, will be around \$500 to \$1,500 per year.

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. You must deliver to us all access codes, static internet protocol (“IP”) addresses and other information to facilitate our access to the data within 30 days of opening the Franchised Business (Franchise Agreement, Section 7.8).

We are the sole owners of all databases, lists, templates, programs and any other software components that have been created and/or customized by us using the Computer System and/or Required Software (the “Proprietary Software”). In the future, we may customize the Proprietary Software and create proprietary programs that conduct other activities. You are required to obtain the computer hardware that is necessary to implement the Proprietary Software and comply with all of our specifications and standards as provided in the Operations Manual. This Proprietary Software will be our proprietary product, and the information collected from it will be our confidential information. (Franchise Agreement, Section 7.8).

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use any computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, Section 7.8).

D. Website and Internet Use.

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We have the right, but not the obligation, to establish and maintain a website that provides information about the System and the products and services offered by Steel Coated Floors franchises. If we exercise our right to create such a website, we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Franchised Business and other Steel Coated Floors locations. If we do create such a page, we may require you to prepare all or a portion of the page for the Franchised Business, at your sole expense, and may require you to use a template that we provide. All SEO, website optimization, website creation, and website hosting must be done through our approved vendor. (Franchise Agreement, Section 12).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Franchised Business, including without limitation, Facebook, TikTok, LinkedIn, YouTube, Instagram, Twitter/X, Plaxo and Pinterest, that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website according to our standards and policies as we describe in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify your site(s). We may require you to update the content of any Social Media and/or networking site at the times and in the manner we decide. (Franchise Agreement, Section 12.2).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. We are currently the sole registrant of the domain name Steelcoatedfloors.com and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Franchise Agreement, Section 12.2).

E. Provision of Services by Certain Third Parties.

At our option, certain third parties may act as our representative in fulfilling certain of our obligations to you. Such obligations include, but are not limited to, site evaluation, training, supervision, advice and guidance with respect to operations, marketing, business procedures and compliance with any requirement of the System. Further, certain third parties may be responsible for monitoring and cooperating in the enforcement of your obligations under the Franchise Agreement.

**ITEM 12**  
**TERRITORY**

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.

Subject to the Franchise Agreement Terms, you are granted a protected territory (“Territory”) that is defined as a geographic area containing a population of about 400,000. You may advertise, solicit, offer, accept orders, and sell within the Territory. You do not have the right to use other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory

unless we give you written consent to serve another specified area where no other Steel Coated Floor franchise or company-owned unit is located. If you are granted consent to service another specified area, you shall be obligated to pay royalty fees and other fees to us for the services performed or products sold.

We will not operate a business using the Steel Coated Floor System and the Marks within the Territory or authorize anyone else to operate a business using the Steel Coated Floor System and the Marks within the Territory during the term of the Franchise Agreement if you meet performance standards set forth in your Franchise Agreement and if you are complying with the Franchise Agreement and subject to these limitations. We are not obligated to ensure that no other franchise will conduct operations in your Territory. Although such activities are discouraged, we reserve the right to determine how to respond to any such situation. We are not required to pay you any compensation for us or other franchisees soliciting or accepting orders in your Territory.

You may relocate the Site of your Franchised Business so long as the new Site meets our then-current Site requirements, and you must pay us a relocation fee of \$1,000 for any costs and expenses we incur in your relocation. Currently, for relocation and Site selection, the Site must be approved by us, and we provide specifications for your real property space, and we provide branding specifications for your mobile vehicle.

We reserve the following rights and may:

1. own, acquire, establish and operate, and license others to establish and operate Franchised Businesses under the Marks and System outside the Territory.
2. acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind regardless of location, except for businesses that offer epoxy floor and/or concrete services within the Territory;
3. establish and operate, and license others the right to open and operate, businesses that offer similar products and services to those offered by the Franchised Business under any other mark other than the Marks at any location, within or outside the Territory;
4. use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement;
5. sell and distribute, directly or indirectly, or license others to sell and distribute within or outside the Territory, directly or indirectly, any products, services or merchandise, including Permitted Products and Services, from any location or to any purchaser or through any alternative channel or method of distribution including, but not limited to, via retail and wholesale distribution, in hardware stores, club stores and other retail facilities, via mail order and e-commerce channels;
6. offer and sell the services and products authorized for Franchised Business using the Marks or other trademarks, service marks, and commercial symbols to Special Accounts as defined and as per the conditions set forth in this Agreement.

We nor our affiliates operate or have plans to operate or franchise others to operate a business selling the same goods or products under a different name or solicit customers within your Territory except as stated above.

#### Minimum Performance Standards

In order to remain in good standing and maintain the Territorial rights granted to you, the Franchised Business must achieve \$500,000 in Gross Revenue per year in each of the 3<sup>rd</sup> through 5<sup>th</sup> years of

operations and \$750,000 in Gross Revenue per year in each of the 6<sup>th</sup> through 10<sup>th</sup> years of operations. Your failure to meet the Minimum Performance Standard in any given year is a material default of this Agreement, and we may grant a franchise to another to open a Steel Coated Floor within the Territory or otherwise terminate your Franchise Agreement.

### Special Accounts

We have the exclusive right to contract with customers whose offices, stores, plants, buildings, or other physical facilities that are not confined to the territory of a single Steel Coated Floor territory or the trading area of a single franchise, Company owned or affiliate-owned business (referred to herein “Special Accounts”). If we establish a contract with a Special Account customer located within your Territory, we shall offer you the first option of providing the services to the Special Account to those facilities located within your Territory at the prices and subject to the contract requirements we negotiate with the Special Account. If you accept the project, we will collect all amounts due from the Special Account and remit to you the amount due for products and services rendered. All amounts collected from Special Accounts on your behalf or by you from Special Accounts will be included in your Gross Revenues for purposes of calculating Royalties and other fees due under the Franchise Agreement.

If you decline to accept the project, we will have the right to fulfill the contract requirements to the Special Account in the Territory in any manner it deems suitable, including through another Steel Coated Floor franchisee, a company- or affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reasonable requests that services in the Territory be provided by someone other than you, we may revoke your option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner we deem suitable.

## **ITEM 13** **TRADEMARKS**

Under your Franchise Agreement with us, you will have a limited license to use the Proprietary Marks that we designate and license to you for use in connection with your Franchised Business, provided you use those marks in accordance with the terms of your agreement, Manuals and as we otherwise direct. We are the current owner of the following Proprietary Marks that registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

| <b>MARK</b>         | <b>REGISTRATION NO.</b> | <b>REGISTRATION DATE</b> |
|---------------------|-------------------------|--------------------------|
| STEEL COATED FLOORS | 6,375,826               | June 8, 2021             |

We expect and intend to file all appropriate affidavits and other documents with the USPTO to maintain the federal registration(s) described above. We are not aware of any agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding

the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

There is no litigation pending arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks. Lastly, besides the license agreement described above, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the terms “Steel” or “Coated” or any design elements that are similar to those used in any of our Proprietary Marks.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within three (3) calendar days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.

You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.

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

We do not own any registered patents or pending patent applications that are material to the franchise. We do, however, claim common law copyright and trade secret protection for several aspects of the franchise

System including our proprietary recipes and other confidential information, Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the “Confidential Information”). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

You must require your Designated Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as an Exhibit, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the “Improvements”), you must disclose those Improvements to us and all such Improvements will automatically and without further action be owned by us without compensation to you (including all intellectual property rights therein). Whenever requested to do so by us, you will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor’s interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Business. You must devote your personal full-time attention and best efforts to the management and operation of the Franchised Business. You may, however, delegate the day-to-day operation of your Franchised Business to a designated manager (the “Designated Manager”). We must approve your Designated Manager, and your Designated Manager must successfully complete our initial training program before assuming any managerial responsibility. The Designated Manager is not

permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement.

Your Franchised Business must, at all times, be staffed with at least one individual who has successfully completed our initial training program. You will keep us informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. The Designated Manager, however, is not required to have an ownership interest in your Franchised Business. Each of your Designated Managers, as well as members of their immediate families, is required to sign a Confidentiality and Non-Compete Agreement in the form attached as an Exhibit to the Franchise Agreement prior to hiring. If you are an entity, each of your principal owners must sign the Personal Guaranty that is attached as an Exhibit to the Franchise Agreement.

You will be solely responsible for all personnel decisions associated with the operations of your Franchised Business, including those decisions related to hiring, firing, scheduling, advancement and/or compensation. Nothing in the Franchise Agreement or franchise being offered in this Disclosure Document will, or may be construed to, create any kind of employer or joint employer relationship between (a) you and your Franchised Business personnel, and (b) us.

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

You may only offer the Approved Products and Services that we expressly approve for your Franchised Business. You may not offer or sell any other products or services for sale without having received our prior written authorization. You may not offer or sell any products or services that do not meet our then current standards and specifications. We may supplement, revise and/or modify our Approved Products or Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes. You must offer and sell all private label products and items which we may now or in the future designate for sale by System franchisees.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us).

You must operate the Franchised Business in accordance with all applicable laws and regulations, and in accordance the requirements of any lease or sublease you may enter into. You may not conduct any other business at the Approved Location without our prior written consent.

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

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

|  | Provision | Article in Franchise Agreement | Summary |
|--|-----------|--------------------------------|---------|
|  |           |                                |         |

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|----|------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | Length of the franchise term                   | Section II(A)          | 10 years from the date that we sign the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| b. | Renewal or extension of the term               | Section II(B)          | Upon the expiration of the initial term or any renewal term of the Franchise Agreement, you may, at its option, renew the Franchise Agreement for an additional term of 10 years (the “Successor Franchise”), provided that at the end of each term you meet conditions listed including paying a Renewal Fee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| c. | Requirements for franchisee to renew or extend | Section II(B)          | In order to renew, we must be offering Steel Coated Floors Franchises; you must give us written notice between 6 months to 1 year prior to the end of the term; you must not be in default under any provision of The Franchise Agreement or any other agreement between you and our affiliates, and have substantially complied with all of the terms and conditions of Franchise Agreement; or a suitable substitute location that is approved by us and meets our then-current specifications and standards, for the entire term of the Successor Franchise; you must refurbish your Steel Coated Floors Franchised Business, including equipment and vehicles to conform to the then-current Steel Coated Floors trade dress, color schemes, and presentation of the Marks and Steel Coated Floors Systems Standards; you must sign the then-current Steel Coated Floors franchise agreement terms of which may differ from the terms of the Franchise Agreement; you must pay us a Successor Franchise Fee of \$10,000; unless prohibited by the laws, you must sign a general release; and you must comply with then-current Steel Coated Floors qualifications and training requirements. When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract. |
| d. | Termination by You                             | Not Applicable.        | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| e. | Termination by franchisor without cause        | Not Applicable.        | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| f. | Termination by franchisor with cause           | Section XVI(A) and (B) | Your agreement shall automatically terminate without notice upon the declaration of bankruptcy of the Franchisee or appointment of a receiver. We also have the right to terminate your agreement upon notice and without providing you an opportunity to cure for any of the breaches or defaults set forth in XVI (B).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| g. | “Cause” defined—curable defaults     | Not applicable. | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| h. | “Cause” defined—non curable defaults | Section XVII(B) | <p>We may elect to terminate your Steel Coated Floors Franchise Agreement if: (1) you are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of the Franchised Business; (2) you fail to timely (i) locate and secure a Site as so required by this Agreement, or (ii) open Franchisee fails to satisfy all of the training obligations herein; (3) you fail to pay when due any sum required to be paid by Franchisee under this Agreement or any other agreement or instrument between Franchisor and Franchisee; (4) you fail to cure any such default within (15) days after its receipt of a written notice of default from Franchisor; (5) you are late for more than ten (10) days on any payment due and owing to a Steel Coated Floors approved or designated vendor or supplier; (6) fail on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due; (7) fail to pay Royalty Fees or other fees and payments when due to Franchisor or any Affiliate of Franchisor, or commits three (3) or more defaults or more under this agreement or any other agreement with Franchisor or any Affiliate of Franchisor, whether or not such defaults or such failure to pay or submit information is corrected after notice thereof is delivered to Franchisee; (8) you default under any other agreement between you and Franchisor (or an affiliate of Franchisor) such that Franchisor or its Affiliate as the case may be, has the right to terminate the said agreement or said agreement automatically terminates; (9) after thirty (30) days’ notice, Franchisee fails to meet the Trailer Rig Development Schedule for six (6) consecutive months; (10) you fail to operate the Franchised Business in full compliance with the terms of this Agreement, the Operating Manual, or the System Standards; (11) you fail to operate the Franchised Business for more than two (2) consecutive days that the Franchised Business is required or customarily open in the ordinary course of business or otherwise abandons the Franchised Business; (12) you provide, offer, or sell products or services other than those Permitted Products and Services; (13) you offer or sell any Permitted Products and Services at or from a location that is within the franchise territory of another Steel Coated Floors franchise (except as expressly stated in this Agreement, the Operating Manual, or any other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by Franchisor under franchise agreements with other franchisees of Franchisor; (14) you fail to achieve or exceed</p> |

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|  |  |  | <p>System Standards in two (2) inspections in any twenty-four (24) month period; (13) you lose the right to possession of the Site upon which the Franchised Business is located, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located; (14) you fail, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business; (15) you make any transfer or attempted transfer that fails to comply with the Agreement; (16) the Franchised Business is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lienholder, or lessor; a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy; (17) you or any Principal violates the restrictive covenants of the confidentiality, solicitation, competition as set forth in this agreement or otherwise directly or indirectly uses or discloses Confidentiality Information to or for the benefit of it, his/her or benefit of another or publishes causes to be published Confidential Information without the expressed written consent of Franchisor; (18) any conduct or activity by Franchisee or any Principal, director, or officer of Franchisee that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, Franchisor, the System, the Marks, or the goodwill associated therewith, including, but not limited to, any criminal misconduct for which Franchisee or any Principal, director, or officer of Franchisee is convicted; (19) you knowingly maintain false books or records, or knowingly submits any false reports (including, but not limited to, the information provided as part of Franchisee's application for this franchise) to Franchisor, or understates its Gross Revenues reported to Franchisor by more than five percent (5%) and any given one hundred and eighty (180) day period; (20) unless otherwise caused due to vendor delays or issues, Franchisee fails to maintain sufficient levels of inventory to meet consumer demand; (21) any threat or danger to public health or safety resulting from the construction, maintenance or operation of the Franchised Business, and Franchisee has not immediately commenced actions to cure the problem or has not promptly cured or corrected the problem or activity that gave rise to the threat or danger; (22) you fail to perform or breaches any other provision of this Agreement or of any other agreement or instrument between Franchisor and Franchisee and fails to cure any such breach within thirty (30)</p> |
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|    |                                                     |              | days from notice of the breach.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| i. | Franchisee's obligations on termination/non renewal | Article XVII | <p>Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operation of the Franchised Business; (ii) immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures, or techniques associated with the System or that display the Marks, or any other distinctive forms, slogans, signs, symbols or devices associated with or belonging to Franchisor; (iii) make such modifications or alterations to the Site of the Franchised Business, including the improvements thereon, as may be necessary or requested by Franchisor (including, but not limited to, changing the telephone number) to prevent the operation of any business on the Site upon which the Franchised Business is located that might be deemed substantially similar to that of the Franchised Business or any other franchisee of Franchisor; (iv) turnover to Franchisor the Operating Manual, records, customer and other files, instructions, correspondence, and software provided and/or licensed by Franchisor, including, without limitation, brochures, agreements, disclosure statements, and any materials relating to the business operated hereunder, which may be in Franchisee's possession, together with all copies thereof (all of which Franchisee acknowledges to be Franchisor's sole property); (v) assign to Franchisor or Franchisor's designee all of Franchisee's rights, title and interest in and to any and all (i) telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages and other business listings, and (ii) Web Sites, web pages, listings, banners, URLs, advertisements, or any other services and links related to the Franchised Business or the use of Franchisor's trademarks, service marks or other logos on or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines or other similar services; (vi) sell to Franchisor any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's depreciated book value; (vii) Take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark Steel Coated Floors or any of the other Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement; (viii) immediately pay all sums due and owing to Franchisor</p> |

|    |                                               |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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|    |                                               |               | including, but not limited to, any unpaid Royalty Fees and other fees and monies; (ix) obtain and maintain in effect all coverage for the professional liability or errors and omission insurance and general liability insurance by this Agreement, to extend the period in which claims may be made for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located.                                                                                                                                                                  |
| j. | Assignment of contract by franchisor          | Section XV(A) | We have the right to transfer or assign all or any part of our rights and/or obligations to any person or legal entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| k. | “Transfer” by franchisee – defined            | Section XV(B) | A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if you are a limited liability company, upon the assignment, sale, pledge or transfer or any ownership interest in the limited liability company. |
| l. | Franchisor approval of transfer by franchisee | Section XV(B) | You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.                                                                                                                                                                                                                                                                                                                                                                                                             |

|    |                                                |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| m. | Conditions for franchisor approval of transfer | Section XV(B) | <p>Our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (1) All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations related to the Franchised Business shall have been satisfied; (2) the transferor's right to receive compensation pursuant to any agreement for the purchase of any interest in Franchisee or in the Franchised Business shall be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from the transferor or Franchisee pursuant to this Agreement, whether arising before or after the transfer; (3) Franchisee's Principals shall have executed a general release in a form satisfactory to Franchisor, effective as of the date of transfer, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents, and employees, in their corporate and individual capacities, including, without limitation, claims to arise under federal, state and local laws, rules and ordinances; (4) the transferee franchisee shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement prior to and after the date of the assumption; (5) the transferee franchisee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to operate the Franchised Business; (6) the transferee franchisee shall execute Franchisor's then-current form of the franchise agreement and such other ancillary agreements as Franchisor may require for a term ending on the expiration date of this Agreement and with such renewal term(s) as provided in the then-current Franchise Agreement; (7) at the transferee franchisee's expense, and upon such other terms and conditions as Franchisor may reasonably require, the transferee Franchisee, its Designated Manager, and other persons that are normal and customary required to attend training must satisfactorily complete Franchisor's training requirements then in effect for franchisees; (8) any right of Franchisee to any payments from the transferee franchise resulting from the transfer shall be subordinate to any claim or right of Franchisor against the transferee franchisee subsequent to the effective date of the transfer, and Franchisee and the transferee Franchisee shall execute any and all instruments reasonably required by Franchisor to evidence such liability.</p> |
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|    |                                                                      |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----|----------------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| n. | Franchisor's right of first refusal to acquire franchisee's interest | Section XV(D)    | <p>If Franchisee or its Principals shall at any time decide to sell, transfer or assign any right or interest under this Agreement and/or the franchise granted pursuant hereto, Franchisee or its Principals shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy thereof to Franchisor. For a period of thirty (30) days after the date of delivery of such offer to Franchisor, Franchisor shall have the right, exercisable by written notice to Franchisee or any of its officers, to purchase such rights or interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by Franchisor must be completed within ninety (90) days after Franchisee's receipt of Franchisor's written notice of its intent to purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its Principals may complete the sale of such interest to the bona fide purchaser, subject to Franchisor's approval of the purchaser as provided herein; provided, however, that if the sale to such purchaser is not completed within one hundred twenty (120) days after the delivery of the offer to Franchisor, Franchisor shall again have the right of the first refusal herein provided.</p> |
| o. | Franchisor's option to purchase franchisee's business                | Section XVII (6) | <p>Upon the termination or expiration of the Franchise Agreement, we may purchase personal property used in connection with the operation of the Franchised Business by: (i) providing you with notice of our election to do so within sixty (30) calendar days of the termination of your Franchise Agreement; and (ii) pay you the depreciated book value for such personal property.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| p. | Death or disability of franchisee                                    | Section XV(E)    | <p>A transfer to the heirs, surviving spouse, or personal or other legal representatives of Franchisee (collectively, Involuntary Transferees) upon the death or legal disability of Franchisee shall not be subject to Franchisor's right of first refusal above or right to terminate for failure to obtain written approval for Transfer as provided herein, so long as the Involuntary Transferees (i) satisfy Franchisor that they are qualified to act as a franchisee, and (ii) perform all other applicable acts required of a Transferee and Transferor as prescribed this Agreement. Such transfer shall be made within one hundred eighty (180) days after the death or disability of Franchisee, or Franchisor, at its option, may terminate this Agreement, whereupon all rights granted to Franchisee hereunder shall revert to Franchisor. Any subsequent sale or other transfer by any Involuntary Transferee shall be subject to</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|    |                                                                        |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----|------------------------------------------------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                        |                  | Franchisor's right of written approval set forth in this Section in this Agreement and to Franchisor's right of first refusal set forth above. Transfer to Involuntary Transferees shall not require the payment of the transfer fee required by this Agreement. Actual legal costs incurred by Franchisor to approve and affect the transfer will be charged, however.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| q. | Non-Solicitation on and Non-Competition covenants during the term      | Section XVIII(B) | Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the design, development, and operation of the Franchised Business, procedures and techniques of the Steel Coated Floors Method, and sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation: (1) Solicit, divert or attempt to divert any current or former business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (2) own, maintain, engage in, or have any interest in any business offering epoxy floor coverings, or any other products or services that are offered in the Franchised Business ("Competitive Business"), unless otherwise consented to in writing by Franchisor.                                                                                                                                 |
| r. | Non-competition covenants after the franchise is terminated or expires | Section XVIII(C) | Franchisee further covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, directly or indirectly, for itself or through, on behalf of, or in conjunction with any person, persons, partnership or corporation: (1) for a continuous and uninterrupted period commencing upon the expiration, termination or transfer of this Agreement (regardless of the cause) and continuing for two (2) years thereafter, solicit, divert or attempt to divert any current or former business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (2) for a continuous and uninterrupted period commencing upon the expiration, termination or transfer of this Agreement (regardless of the cause) and continuing for two (2) years thereafter, own, maintain, operate, engage in, or have any interest in any Competitive Business, or any other services that had been offered by the Franchised Business (i) at the Site; (ii) within the Territory; or (iii) within a twenty five (25) mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement; (3) for a continuous and uninterrupted period commencing upon the |

|    |                                                |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                |                | expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly solicit or perform services for any person who was a client of the Franchised Business at any time during the term of this Agreement; (4) Enter into any business competing in whole or in part with Franchisor in granting franchises or licenses for businesses that offer offering epoxy floor coverings, or any other products or services that are offered in the Franchised Business at the time this Agreement is terminated or otherwise not renewed; (5) Franchisee and Franchisor agree that the covenants contained in this Section shall survive the expiration, termination, or cancellation of this Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| s. | Modification of the agreement                  | Section XXI(A) | The Franchise Agreement may not be modified except by a written agreement that both of us sign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| t. | Integration/merger clause                      | Section XXI(A) | Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in this Disclosure Document.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| u. | Dispute resolution by mediation or arbitration | Article XIX    | <p>Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Article XXI.E. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.</p> <p>At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Article XIX.C above, must be submitted first to mediation, in Wilmington, Delaware under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court</p> |

|    |                 |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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|    |                 |                 | unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share the mediator's costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement. |
| v. | Choice of forum | Section XIX(F)  | All claims not subject to mediation must be brought before a court of general jurisdiction in New Castle County, Delaware, or the United States District Court for the District of Delaware. You consent to the personal jurisdiction and venue of any court of general jurisdiction in New Castle County, Delaware, and the United States District Court for the District of Delaware (subject to state law).                                                                                                                                                                                                                                           |
| w. | Choice of law   | Section XIX (G) | The franchise agreement is governed by the laws of the State of Delaware (subject to state law).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## **ITEM 18** **PUBLIC FIGURES**

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

## **ITEM 19** **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

## **BACKGROUND**

In this Item 19, we disclose the Sales achieved by two (2) System locations that were operated on a full-time basis over the 2023 and 2024 calendar year (each, a "Primary Operator"). Of the two (2) System locations, one (1) of the locations was owned and operated by our affiliate (the "Affiliate Business") over the 2023 and 2024 calendar year.

We excluded seven (7) System franchisees that were operating on less than a full-time basis. These System franchisees operate under a part-time model that is a different business model than what is currently being offered. This information was recorded and reported to us by the owners of the Affiliate Business and the Franchised Business being disclosed in this Item.

We have not independently audited this information. Written substantiation of the data used in preparing this information will be made available upon reasonable request.

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

**Sales Generated By Primary Operators in the 2023 Calendar Year**

|                                        | Affiliate             | Franchised Location   |
|----------------------------------------|-----------------------|-----------------------|
| <b>Total Income</b>                    | \$437,617             | \$1,007,018           |
| <b>COGS- Supplies Purchased</b>        | \$85,335              | \$201,406             |
| <b>Gross Profit</b>                    | \$352,282             | \$805,612             |
| <b>Expenses</b>                        |                       |                       |
| <b>Total Advertising/Brand Fund</b>    | \$912 <sup>1</sup>    | \$30,000 <sup>4</sup> |
| <b>Auto/ Truck Expenses</b>            | \$10,076              | \$20,156              |
| <b>Insurance Expense</b>               | \$12,274              | \$20,640              |
| <b>Payroll Expenses/Administration</b> | \$87,250              | \$179,872             |
| <b>Rent/Property Taxes</b>             | \$2,716 <sup>3</sup>  | \$20,400              |
| <b>Royalties</b>                       | \$26,257 <sup>1</sup> | \$62,928 <sup>4</sup> |
| <b>Utilities</b>                       | \$3,286               | \$2,484               |
| <b>Total Expense<sup>6</sup></b>       | \$147,901             | \$359,021             |
| <b>Net Ordinary Income<sup>7</sup></b> | <b>\$204,381</b>      | <b>\$446,591</b>      |

**Sales Generated By Primary Operators in the 2024 Calendar Year**

|                                        | Affiliate             | Franchised Location   |
|----------------------------------------|-----------------------|-----------------------|
| <b>Total Income</b>                    | \$688,765             | \$1,176,144           |
| <b>COGS- Supplies Purchased</b>        | \$224,058             | \$262,162             |
| <b>Gross Profit</b>                    | \$464,707             | \$913,982             |
| <b>Expenses</b>                        |                       |                       |
| <b>Local Advertising Spend</b>         | \$2,592               | \$56,454              |
| <b>Brand Fund Contribution</b>         | \$6,888 <sup>1</sup>  | \$11,761 <sup>4</sup> |
| <b>Auto/ Truck Expenses</b>            | \$20,540              | \$29,451              |
| <b>Administrative Fee<sup>2</sup></b>  | \$27,551              | \$47,046              |
| <b>Insurance Expense</b>               | \$12,626.39           | \$23,144              |
| <b>Payroll Expenses/Administration</b> | \$90,762.00           | \$196,491             |
| <b>Rent/Property Taxes</b>             | \$4,147 <sup>3</sup>  | \$20,400              |
| <b>Royalties</b>                       | \$48,214 <sup>1</sup> | \$82,330 <sup>4</sup> |
| <b>Technology Fee<sup>5</sup></b>      | \$7,140               | \$7,140               |
| <b>Utilities</b>                       | \$10,322.45           | \$2,964               |
| <b>Total Expense<sup>6</sup></b>       | \$218,155             | \$541,989             |
| <b>Net Ordinary Income<sup>7</sup></b> | <b>\$246,552</b>      | <b>\$371, 993</b>     |

## GENERAL NOTES TO ITEM 19

Note 1. The affiliate is the founders' location, and the Royalty and Brand Fund is added above, but was not collected. This affiliate is not required to pay royalties or contribute to the Brand Fund, as set forth in the current version of our franchise agreement. We have included this amount to illustrate what the contribution would be based upon the current version of our franchise agreement requiring a 7% Royalty and a 1% Brand Fund contribution.

Note 2. The affiliate and franchised location are not required to pay the Administrative Fee of 4%. We have included the Administrative Fee to represent what you would expect to pay under the current version of our agreement.

Note 3. Rent is included in this Item 19, but is not collected or paid, as the founders own the building and need only pay property taxes.

Note 4. This franchisee operates under a previous version of the franchise agreement. Under their version of the franchise agreement, they are required to pay a Royalty of 8%, or \$94,092, and 2% Brand Fund contribution, or \$23,523, resulting in a Total Expense of \$577,274 and Net Income of \$336,708.

Note 5. The affiliate and franchisee are not required to pay the Technology Fee of \$595 per month, as set forth in the current version of our franchise agreement. Also, the affiliate and franchisee do not use CRM, as it is not mandated under their agreements. Your franchise agreement will require you to pay the Technology Fee and use our CRM.

Note 6. Both the affiliate and the franchisee reported only certain ordinary expenses associated with the operation of an Affiliate Business and a Franchised Business, respectively. Neither the affiliate nor the franchisee reported costs and fees associated with obtaining licenses or permits that are required to operate your business. You will have costs associated with obtaining licenses and permits. This also does not include repairs, maintenance and equipment depreciation.

Note 7. Net Income is defined as Gross Profit less Total Expense as set forth hereinabove, and does not include taxes.

## NOTES REGARDING THE AFFILIATE BUSINESS

The Affiliate Business has been operated by our principal in the area of Ogden, Utah since 2005. It transitioned to and commenced operating under the Proprietary Mark STEEL COATED FLOORS® in early 2019 and has actively operated under the Proprietary Marks since that time. The Affiliate Business does not have a franchise agreement or license agreement with Steel Coated Floors International, LLC. Accordingly, our affiliate does not pay us a royalty fee, brand fund contribution, or other ongoing fee that would be required for a franchised business operating pursuant to our current form of Franchise Agreement that you will be required to enter into with us. In addition to epoxy coatings, the Affiliate Business also offers painting services in connection with a wide range of projects including new construction, remodels, additions, basements, repaints, garages, and large commercial projects. Client Projects comprised solely of these additional services and products were not included in this financial performance representation, and all Gross Revenue derived from the sale of these additional products and services was excluded from the data reported in the chart above.

Other than the foregoing, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not

authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Chief Executive Officer, Kevin Longe 19500 Victor Parkway, Livonia, MI 48152 or by phone at (248)798-8029, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**

**System-Wide Outlet Summary**

**For Fiscal Years 2022, 2023, and 2024**

| <b>Outlet Type</b>    | <b>Year</b> | <b>Outlets at the<br/>Start of the Year</b> | <b>Outlets at the<br/>End of the Year</b> | <b>Net Change</b> |
|-----------------------|-------------|---------------------------------------------|-------------------------------------------|-------------------|
| Franchised            | 2022        | 17                                          | 16                                        | -1                |
|                       | 2023        | 16                                          | 8                                         | -8                |
|                       | 2024        | 8                                           | 8                                         | 0                 |
| Company-Owned         | 2022        | 1                                           | 1                                         | 0                 |
|                       | 2023        | 1                                           | 1                                         | 0                 |
|                       | 2024        | 1                                           | 1                                         | 0                 |
| <b>Total Outlets*</b> | <b>2022</b> | <b>18</b>                                   | <b>17</b>                                 | <b>-1</b>         |
|                       | <b>2023</b> | <b>17</b>                                   | <b>9</b>                                  | <b>-8</b>         |
|                       | <b>2024</b> | <b>9</b>                                    | <b>9</b>                                  | <b>0</b>          |

**Table 2**

**Transfers of Outlets from Franchisees to New Owners (other than Franchisor) For Fiscal**

**Years 2022, 2023, and 2024**

| <b>State</b> | <b>Year</b> | <b>Number of Franchise Agreement Transfers</b> |
|--------------|-------------|------------------------------------------------|
| <b>AZ</b>    | 2022        | 0                                              |
|              | 2023        | 0                                              |
|              | 2024        | 0                                              |
| <b>IN</b>    | 2022        | 0                                              |
|              | 2023        | 1                                              |
|              | 2024        | 0                                              |
| <b>ID</b>    | 2022        | 3                                              |
|              | 2023        | 0                                              |
|              | 2024        | 0                                              |
| <b>UT</b>    | 2022        | 3                                              |
|              | 2023        | 0                                              |
|              | 2024        | 0                                              |
| <b>Total</b> | <b>2022</b> | <b>6</b>                                       |
|              | <b>2023</b> | <b>1</b>                                       |
|              | <b>2024</b> | <b>0</b>                                       |

**Table 3****Status of Franchised Outlets****For Fiscal Years 2022, 2023, and 2024**

| <b>State</b>     | <b>Year</b> | <b>Outlets<br/>at the<br/>Start of<br/>the<br/>Year</b> | <b>Outlets<br/>Opened</b> | <b>Terminations</b> | <b>Non<br/>Renewals</b> | <b>Re-<br/>Acquired By<br/>Franchisor</b> | <b>Ceased<br/>Operation<br/>s Other<br/>Reasons</b> | <b>Outlets<br/>at End<br/>of<br/>the Year</b> |
|------------------|-------------|---------------------------------------------------------|---------------------------|---------------------|-------------------------|-------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| <b>Arizona</b>   | <b>2022</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 1                                             |
|                  | <b>2023</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 1                                                   | 0                                             |
|                  | <b>2024</b> | 0                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 0                                             |
| <b>Florida</b>   | <b>2022</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 1                                             |
|                  | <b>2023</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 1                                                   | 0                                             |
|                  | <b>2024</b> | 0                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 0                                             |
| <b>Idaho</b>     | <b>2022</b> | 2                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 2                                             |
|                  | <b>2023</b> | 2                                                       | 0                         | 0                   | 0                       | 0                                         | 1                                                   | 1                                             |
|                  | <b>2024</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 1                                             |
| <b>Indiana</b>   | <b>2022</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 1                                             |
|                  | <b>2023</b> | 1                                                       | 1                         | 0                   | 0                       | 0                                         | 0                                                   | 2                                             |
|                  | <b>2024</b> | 2                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 2                                             |
| <b>Iowa</b>      | <b>2022</b> | 0                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 0                                             |
|                  | <b>2023</b> | 0                                                       | 1                         | 0                   | 0                       | 0                                         | 0                                                   | 1                                             |
|                  | <b>2024</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 1                                             |
| <b>Louisiana</b> | <b>2022</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 1                                             |
|                  | <b>2023</b> | 1                                                       | 0                         | 0                   | 0                       | 0                                         | 1                                                   | 0                                             |
|                  | <b>2024</b> | 0                                                       | 0                         | 0                   | 0                       | 0                                         | 0                                                   | 0                                             |

|                       |             |           |          |          |          |          |          |           |
|-----------------------|-------------|-----------|----------|----------|----------|----------|----------|-----------|
| <b>New Hampshire</b>  | <b>2022</b> | 1         | 0        | 0        | 0        | 0        | 0        | 1         |
|                       | <b>2023</b> | 1         | 0        | 0        | 0        | 0        | 0        | 1         |
|                       | <b>2024</b> | 1         | 0        | 0        | 0        | 0        | 0        | 1         |
| <b>Nevada</b>         | <b>2022</b> | 2         | 0        | 0        | 0        | 0        | 1        | 1         |
|                       | <b>2023</b> | 1         | 0        | 1        | 0        | 0        | 0        | 0         |
|                       | <b>2024</b> | 0         | 0        | 0        | 0        | 0        | 0        | 0         |
| <b>North Carolina</b> | <b>2022</b> | 2         | 0        | 0        | 0        | 0        | 0        | 2         |
|                       | <b>2023</b> | 2         | 0        | 0        | 0        | 0        | 2        | 0         |
|                       | <b>2024</b> | 0         | 0        | 0        | 0        | 0        | 0        | 0         |
| <b>South Carolina</b> | <b>2022</b> | 2         | 0        | 0        | 0        | 0        | 0        | 2         |
|                       | <b>2023</b> | 2         | 0        | 1        | 0        | 0        | 1        | 0         |
|                       | <b>2024</b> | 0         | 0        | 0        | 0        | 0        | 0        | 0         |
| <b>Utah</b>           | <b>2022</b> | 3         | 0        | 0        | 0        | 0        | 0        | 3         |
|                       | <b>2023</b> | 3         | 0        | 0        | 0        | 0        | 0        | 3         |
|                       | <b>2024</b> | 3         | 0        | 0        | 0        | 0        | 0        | 3         |
| <b>Virginia</b>       | <b>2022</b> | 1         | 0        | 0        | 0        | 0        | 0        | 1         |
|                       | <b>2023</b> | 1         | 0        | 0        | 0        | 0        | 1        | 0         |
|                       | <b>2024</b> | 0         | 0        | 0        | 0        | 0        | 0        | 0         |
| <b>Wyoming</b>        | <b>2022</b> | 0         | 0        | 0        | 0        | 0        | 0        | 0         |
|                       | <b>2023</b> | 0         | 0        | 0        | 0        | 0        | 0        | 0         |
|                       | <b>2024</b> | 0         | 0        | 0        | 0        | 0        | 0        | 0         |
| <b>Total</b>          | <b>2022</b> | <b>17</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>1</b> | <b>16</b> |
|                       | <b>2023</b> | <b>16</b> | <b>2</b> | <b>2</b> | <b>0</b> | <b>0</b> | <b>8</b> | <b>8</b>  |
|                       | <b>2024</b> | <b>8</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>8</b>  |

**Table 4**

**Status of Company-Owned and Affiliate-Owned  
Outlets For Fiscal Years 2022, 2023 and 2024**

| <b>State</b> | <b>Year</b> | <b>Outlets<br/>at the<br/>Start of<br/>the Year</b> | <b>Outlets<br/>Opened</b> | <b>Outlets<br/>Reacquired<br/>From<br/>Franchisees</b> | <b>Outlets<br/>Closed</b> | <b>Outlets Sold<br/>to<br/>Franchisees</b> | <b>Outlets<br/>at End<br/>of the<br/>Year</b> |
|--------------|-------------|-----------------------------------------------------|---------------------------|--------------------------------------------------------|---------------------------|--------------------------------------------|-----------------------------------------------|
| <b>Utah</b>  | 2022        | 1                                                   | 0                         | 0                                                      | 0                         | 0                                          | 1                                             |
|              | 2023        | 1                                                   | 0                         | 0                                                      | 0                         | 0                                          | 1                                             |
|              | 2024        | 1                                                   | 0                         | 0                                                      | 0                         | 0                                          | 1                                             |
| <b>Total</b> | 2022        | 1                                                   | 0                         | 0                                                      | 0                         | 0                                          | 1                                             |
|              | 2023        | 1                                                   | 0                         | 0                                                      | 0                         | 0                                          | 1                                             |
|              | 2024        | 1                                                   | 0                         | 0                                                      | 0                         | 0                                          | 1                                             |

**Table 5**

**Projected Openings as of December 31, 2024**

|               |   |
|---------------|---|
| <b>Kansas</b> | 1 |
| <b>Total</b>  | 1 |

**ITEM 21**

**FINANCIAL STATEMENTS**

Exhibit G to this Disclosure Document contains our audited financial statements for the fiscal year ending December 31, 2024, as well as unaudited financials from December 31, 2024 through April 30, 2025, as we have not been in business for three years and cannot produce audited financial statements for the preceding three years. Our fiscal year end is December 31 of each year.

**ITEM 22**

**CONTRACTS**

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

The following exhibits to this disclosure document are the contracts used by us in offering franchises:

EXHIBIT A FRANCHISE AGREEMENT  
EXHIBIT B FRANCHISEE DISCLOSURE QUESTIONNAIRE  
EXHIBIT C RELEASE OF CLAIMS  
EXHIBIT D STATE REGULATORS AND AGENTS FOR SERVICE OF PROCESS  
EXHIBIT E LIST OF FRANCHISEES  
EXHIBIT F LIST OF FRANCHISEES THAT LEFT THE SYSTEM  
EXHIBIT G FINANCIAL STATEMENTS  
EXHIBIT H TABLE OF CONTENTS OF OPERATING MANUAL  
EXHIBIT I STATE SPECIFIC ADDENDA

**ITEM 23**  
**RECEIPTS**

This Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipts. You should retain one signed copy for your records and return the other signed copy to: Steel Coated Floors International, LLC, 19500 Victor Parkway, Suite 400, Livonia, Michigan 48152, Attn: Michael Shinabarger.

**EXHIBIT A FRANCHISE AGREEMENT**

**Franchise Agreement**

**BETWEEN**

**STEEL COATED FLOORS INTERNATIONAL, LLC,  
FRANCHISOR**

**AND**

\_\_\_\_\_  
**FRANCHISEE**

\_\_\_\_\_  
**(Common Territory Name)**

\_\_\_\_\_  
**DATED**

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## Exhibits

|            |                                              |
|------------|----------------------------------------------|
| EXHIBIT 1. | SITE AND TERRITORY                           |
| EXHIBIT 2. | PERSONAL GUARANTY                            |
| EXHIBIT 3. | RESTRICTIVE COVENANT AGREEMENT               |
| EXHIBIT 4. | POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER |

## STEEL COATED FLOORS FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the Agreement), is being entered into this day of \_\_\_\_\_ (Effective Date) made by and between Steel Coated Floors International, LLC, a Delaware limited liability company (the Franchisor), with its principal place of business at 19500 Victor Parkway, Livonia, MI, 48152 and \_\_\_\_\_, a(n) \_\_\_\_\_ (the “Franchisee”) with its principal place of business located at \_\_\_\_\_.

### WITNESSETH:

WHEREAS Franchisor has dedicated time, skill, effort, and money to create and develop and continues to develop a system (the “System”) for the establishment and operation of a distinctive type of business (referred to as a “Steel Coated Floors Business” or the “Franchised Business”). A Steel Coated Floors business offers a “mobile-services” business (each, a “Franchised Business”) focused on providing a designated line of epoxy flooring products and services, primarily for residential garages as well as industrial and commercial garages, along with any other products and services we designate or authorize for sale in the future

WHEREAS, the System consists of distinctive methods and procedures for marketing and advertising; specially designed business forms and procedures for the efficient operation of the Franchised Business; operation manuals (the “Operations Manuals”); and specially designated equipment, techniques, and procedures for the promotion and provision of Franchisee’s services.

WHEREAS, Franchisor has invested substantial amounts of money in developing, and continues to develop, use and control the use of the mark “Steel Coated Floors” and the “Steel Coated Floors” design mark, as well as derivatives thereof, and certain other trade names, business names, service marks, trademarks, logos, designs and trade symbols (collectively referred to as the “Marks”) to identify to the public the source of services marketed thereunder and through the Steel Coated Floors System and to represent the Steel Coated Floors uniform and high standards of quality.

WHEREAS, Franchisor has applied to register the mark Steel Coated Floors with the United States Patent and Trademark Office and claims the exclusive right to use all of the Marks and any derivatives thereof in connection with the operation of Steel Coated Floors businesses, as are now or may from time to time be designated in writing by Franchisor for use in connection with the operation of the System.

WHEREAS, Franchisor offers franchises for the development and operation of Franchised Businesses to be operated and promoted within a designated geographical territory (the “Territory”).

WHEREAS, Franchisee has applied for a Steel Coated Floors Franchise and understands and acknowledges the importance of Franchisor’s high standards of quality and service, the necessity of opening and operating the Franchised Business in conformity with Franchisor’s standards and specifications as presented in Franchisor’s Operating Manuals and updates and preserving the confidentiality of the System.

WHEREAS, Franchisor wishes to grant Franchisee the right to open and operate a Franchised Business based on Franchisee’s representations to Franchisor, including those representations set forth in Franchisee’s franchise application, in accordance with the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the above Recital, which is incorporated herein as if fully rewritten, and the mutual promises contained herein, the parties agree as follows:

## **I. GRANT OF FRANCHISE**

### **A. Grant of Franchise; Territory.**

1. Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the right to operate, and Franchisee undertakes the obligation to establish and operate in the area designated in Exhibit 1 of this Agreement (the “Territory”) a Steel Coated Floors Franchised Business under the System and the Marks and using the System standards (referred herein as “System Standards”) as set forth in this Agreement, the Operating Manual, or other directives provided by Franchisor. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor’s discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional Territories.

2. Except as otherwise provided for in this Agreement and for as long as Franchisee is not in breach of this Agreement, Franchisor shall not establish or franchise another to establish a Steel Coated Floors Business under the Marks and System within the Territory during the Term of this Agreement. Franchisee may advertise, solicit, offer, accept orders, and sell within the Territory. Franchisee does not have the right to use other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Territory unless Franchisor gives it prior written consent and no other Steel Coated Floors franchise or company-owned unit is located in the area. If Franchisee is granted consent to service another specified area, Franchisee shall be obligated to pay royalty fees and other fees to Franchisor for the services performed or products sold. If Franchisee offers, solicits, or accepts, or performs service outside of the Territory without Franchisor’s written consent, Franchisor may in its discretion, in addition to all other remedies provided for in this Agreement or in law or equity, assess a fee up to or equal to one hundred percent (100%) of any revenue generated from the customer (“Out-of-Territory Fee”) and Franchisee agrees to pay the Out-of-Territory Fee.

### **B. Trailer Rig Development Schedule**

Franchisee add additional Trailer Rigs operating the Territory in accordance with the deadlines set forth in the Trailer Rig Development Schedule (“Trailer Rig Development Schedule”) as set forth in Exhibit 1 of this Agreement.

Franchisee acknowledges and agrees that in order to remain in good standing and maintain the Territory rights granted hereunder, Franchisee must obtain and operate additional Trailer Rigs within the Territory in accordance with the Trailer Rig Development Schedule. Failure to meet the Trailer Rig Development Schedule for six consecutive months is a material default of this Agreement, and Franchisor may terminate this Agreement for failure to obtain and operate additional Trailer Rigs in accordance with the Trailer Rig Development Schedule.

### **C. Reserved Rights**

Franchisor specifically reserves all rights not expressly granted to Franchisee in this Agreement. Without limiting the generality of the preceding sentence, Franchisor has the right to:

1. Own, acquire, establish and operate, and license others to establish and operate Franchised Businesses under the Marks and System outside the Territory.

2. acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind regardless of location, except for businesses that offer a “mobile-services” business (each, a “Franchised Business”) focused on providing a designated line of epoxy flooring products and services, primarily for residential garages as well as industrial and commercial garages, within the Territory;

3. establish and operate, and license others the right to open and operate, businesses that offer similar products and services to those offered by the Franchised Business under any other mark other than the Marks at any location, within or outside the Territory;

4. use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement;

5. sell and distribute, directly or indirectly, or license others to sell and distribute within or outside the Territory, directly or indirectly, any products, services or merchandise, including Permitted Products and Services, from any location or to any purchaser or through any alternative channel or method of distribution including, but not limited to, via retail and wholesale distribution, in hardware stores, club stores and other retail facilities, via mail order and e-commerce channels;

6. offer and sell the services and products authorized for Franchised Business using the Marks or other trademarks, service marks, and commercial symbols to Special Accounts as defined and as per the conditions set forth in this Agreement.

#### **D. Special Accounts**

The Franchisor has the exclusive right to contract with customers whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Steel Coated Floors territory or the trading area of a single Franchise, Franchisor-owned or Affiliate-owned business (referred to herein “**Special Accounts**”). If Franchisor establishes a contract for facilities of a Special Account located in the Territory, Franchisor shall offer Franchisee the first option of providing the services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements negotiated by Franchisor with the Special Account. If Franchisee accepts the project, Franchisor will collect all amounts due from the Special Account and remit to Franchisee the amount due for products and services rendered. All amounts collected from Special Accounts on Franchisee’s behalf or by Franchisee from Special Accounts will be included in Franchisee’s Gross Revenues for purposes of calculating Royalties other fees due under this Agreement.

If Franchisee declines to accept the project, Franchisor will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner it deems suitable, including through another Steel Coated Floors Franchisee, a Franchisor or Affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reasonable requests that services in the Territory be provided by someone other than Franchisee, Franchisor may revoke Franchisee’s option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner Franchisor deems suitable.

## **II. TERM AND RENEWAL**

## **A. Initial Term**

Except as otherwise provided, the initial term of this Agreement is for a period of 10 years from the date the Franchised Business opens and commences on the date Franchisor executes this Agreement.

## **B. Renewal**

Upon the expiration of the initial term or any renewal term hereof, Franchisee may, at its option, renew this Agreement for an additional term of 10 years (the “**Successor Franchise**”), provided that at the end of each term:

1. Franchisor is still offering Franchises at the time of each renewal period;
2. Franchisee has given Franchisor written notice of its election to renew not less than six (6) months, but not more than one (1) year, prior to the end of the preceding term;
3. Franchisee is not in default under any provision of this Agreement, any amendment or successor thereto, or any other agreement or instrument between Franchisee and Franchisor or its affiliates, approved suppliers of the System and had substantially complied with all of the terms and conditions of all such agreements during the then-current terms;
4. Franchisee shall refurbish the Franchised Business, including equipment and vehicles, to conform to the then-current trade dress, color schemes, and presentation of the Marks and Systems Standards;
5. Franchisee executes Franchisor’s then-current form of franchise agreement and all other agreements and contracts that are normally and customarily signed by franchisees, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, different royalty and Brand Development Fund Contributions; provided, however, the agreement offered Franchisee upon renewal shall not require Franchisee to pay the initial franchise fee again;
6. Franchisee must pay Franchisor a Renewal Fee of ten thousand dollars (\$10,000) at the same time that Franchisee gives Franchisor the written request required by this Section (“Renewal Fee”). If Franchisor refuses to grant Franchisee a Successor Franchise, Franchisor shall, at the same time, Franchisor notifies Franchisee of the refusal, refund the Renewal Fee paid by Franchisee. The Renewal Fee is not refundable under any other circumstances;
7. Unless prohibited by the laws of the state in which Franchisee is located, Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents and employees, in their corporate and individual capacities; and
8. Franchisee shall comply with Franchisor’s then-current qualification and training requirements, including, without limitation, any training requirements specifically designated for renewing Franchisees.

## **C. Interim Term**

If Franchisee does not execute a Successor Agreement before the expiration of the Agreement and Franchisee continues to accept the benefits of this Agreement after the expiration, then at Franchisor’s

option, this agreement may be treated either as: (i) expired as of the expiration date, with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis (the "Interim Term") until terminated by either party with at least one month written notice. In the latter case, all of Franchisee's obligations will remain in full force and effect during the Interim Term as if this agreement had not expired, except Royalty Fees, and all other fees shall be at the Franchisor's then-current rates and amounts plus an additional two (2%) royalty on gross revenues, and all obligations and restrictions imposed on Franchisee upon the expiration of this agreement will be deemed to take effect upon termination of the Interim Term. Except as described in this paragraph, Franchisee has no right to continue to operate the Franchised Business following the expiration of the Initial Term. If any applicable Franchise Law requires a longer notice period, the one-month period will be deemed modified to be the shortest notice period required by the Franchise Law.

### **III. INITIAL AND ONGOING FEES**

#### **A. Initial Franchise Fee**

Franchisee shall pay Franchisor a nonrefundable initial franchise fee ("Initial Franchise Fee"). You must pay us an Initial Franchise Fee of \$59,000 in full when you sign the Franchise Agreement for your protected territory. A minimum protected territory ("Territory") is defined as a geographic area containing a population of about 400,000. The Initial Franchise Fee for additional units that are purchased at any time during the term of the Franchise Agreement is \$29,000 for the second unit and \$19,000 for the third unit. You must be in good standing to qualify to purchase additional units. The initial franchise fee is uniformly charged for all franchises currently being offered. The initial franchise fee is considered fully earned and is nonrefundable under any circumstances

The Initial Franchise Fee must be paid in cash or by check, money order, or bank draft and is fully earned, due, and payable to Franchisor upon the execution of this Agreement, in consideration of, among other things, the administrative and other expenses incurred by Franchisor in furnishing items to Franchisee as described herein and for Franchisor's lost or deferred opportunity to franchise to others.

#### **B. Royalty Fee**

Franchisee shall pay Franchisor a royalty fee equal to seven percent (7%) of weekly Gross Revenue (the "Royalty Fee") for the preceding week, subject to the minimum payments as described below. For purposes of calculating the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. In Year 1, the weekly minimum Royalty Fee is One Hundred Seventy Five Dollars (\$175) per week; in Year 2, the weekly minimum Royalty Fee is Two Hundred Forty-Nine Dollars (\$249) per week; in Year 3 and thereafter for the remainder of the Term, the weekly minimum Royalty Fee is Four Hundred Fifteen Dollars (\$415) per week; and in Year 4 and thereafter for the remainder of the Term, the weekly minimum Royalty Fee is Five Hundred Twenty Four Dollars (\$524) per week. Royalty Fees are due and payable by the Thursday of each week based upon Franchisee's Gross Revenue for the preceding week. Franchisee shall also pay all federal, state, and local sales or use taxes that may be levied or assessed, in whole or in part, on the Royalty Fees payable to Franchisor, regardless of whether such taxes be assessed against or payable by Franchisor or Franchisee.

#### **C. Brand Development Fund Contribution**

Franchisee shall pay a brand development fund contribution equal to one percent (1%) of weekly Gross Revenue (the "Brand Development Fund Contribution") for the preceding week, subject to the minimum contributions as described below. In Year 1, the minimum contribution is Fifty Dollars (\$50) per week and in Year 2 and thereafter for the remainder of the Term, the minimum contribution is One Hundred Dollars

(\$100) per week. Brand Development Fund Contributions are due and payable by Thursday of each week based upon Franchisee's Gross Revenues for the preceding week. Franchisee shall also pay all federal, state, and local sales or use taxes that may be levied or assessed, in whole or in part, on the Brand Development Fund Contributions payable to Franchisor, regardless of whether such taxes be assessed against or payable by Franchisor or Franchisee. Franchisor reserves the right to increase the Brand Development Fund Contribution to two percent (2%) of Gross Revenue upon 30 days prior written notice to Franchisee.

#### **D. Late Payments**

Franchisee shall pay Franchisor a late fee of One Dollars (\$100) per week plus interest at the rate of 1.5% per week or 18% per annum on the unpaid balance for each Royalty Fee or Brand Development Fund Contribution that is not received by Franchisor when due or the highest rate allowed by law, whichever is lower, from the date payment is due to the date payment is received by Franchisor, regardless of any subordinate agreement that may be in effect to postpone payment of fees.

#### **E. Gross Revenue**

The term "**Gross Revenue**," as used in this Agreement, shall mean all sales and other income (recognized on an accrual basis), whether cash or credit or barter for exchange (regardless of the collection in the case of credit), arising from the operation of the Franchised Business, less (i) all refunds and discounts made to customers in good faith and in accordance with Franchisor's policies, and (ii) any sales or excise taxes that are separately stated and that Franchisee may be required to and does collect from customers and pays to any federal, state, or local taxing authority.

#### **F. Method of Payment**

Franchisee agrees to remit fees and any other amounts due to Franchisor hereunder via virtual check debt or other means as Franchisor may stipulate. Franchisee agrees to execute and deliver to Franchisor an authorization for electronic transfer of funds for direct debits from Franchisee's business bank operating account and to comply with procedures specified by Franchisor and perform such acts as may be necessary to accomplish payment by electronic fund transfer. Franchisee authorizes Franchisor to initiate debit entries and/or correction entries to a designated checking account for payment of royalties or any other fees and amounts payable to Franchisor, including, but not limited to, attorney fees and interest. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment, therefore. If Franchisee has not timely reported Franchisee's Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized to debit Franchisee's account in an amount equal to one hundred twenty five percent (125%) of the Royalty Fees and other fees and amounts payable by Franchisee for the last reporting period for which a statement of operations was received from Franchisee. Nothing contained in this paragraph shall be construed to waive Franchisee's obligations to submit any reports, records, or other materials required by this Agreement or waive any remedy available to Franchisor for Franchisee's failure to make timely payments.

#### **G. Taxes**

If any sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Marketing Fund Contribution, or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

#### **H. Technology Fee**

Franchisee shall pay Franchisor a technology fee of five hundred and ninety-five dollars (\$595) per month (“Technology Fee”) for access to and use of certain technology, training LMS systems, and other training materials, as well as and access to the local marketing library, a scheduling system, payment processor, sales and financial reporting, franchise portal, benchmarking platform or other operations systems. In Franchisor’s sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the software and technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto.

#### **I. Memberships and Subscriptions.**

Franchisee must participate in all membership and subscription services that franchisor requires and pay all dues associated with such programs and memberships.

#### **J. Initial and Ongoing Inventory**

Before and after opening, Franchisee must purchase, at its sole expense, from Franchisor, or its approved supplier Franchisor’s an initial inventory of chemicals and equipment, as well as all cleaners and personal protective equipment (“PPE”) for the first three months of operations. The costs of the Starter Kit for a single trailer rig range between \$60,000 and \$70,000 as the prices may fluctuate depending on then-current market conditions. The cost of the Starter Kit is fully earned upon payment and non-refundable. You must purchase a Starter Kit for every unit that you will operate.

During the Term, Franchisee must maintain required levels of inventory and supplies as mandated by Franchisor. The cost of the initial inventory and starter kit are fully earned upon payment and non-refundable.

#### **K. Proprietary Software**

Prior to opening, Franchisee must purchase Franchisor’s SCF Proprietary CRM Software (“SCF Software”) which is our all-encompassing software that includes sales reporting, lead source reporting, invoicing, quoting, estimating, quote templates, contracts, and customer data sheets. Franchisee must pay Franchisor a one-time \$500 set-up fee for SCF Software, plus an additional \$1785 representing your first three months of SCF Software payments of \$595 per month. These amounts are fully earned and not refundable upon payment and subject to change.

#### **L. Administrative Fee**

Franchisee shall pay Franchisor an administrative fee of four (4%) percent of Gross Revenue per week (“Administrative Fee”) for Franchisor assistance with Franchisee’s accounting needs, tax filings, payroll facilitation, marketing support, and a dedicated operations and support team, subject to the minimum payments as described below. For purposes of calculating the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. The weekly minimum Administrative Fee is One Hundred Twenty Dollars (\$120) per week.

#### **M. Credit Card Processing Fee**

Franchisee shall pay Franchisor a fee of 3.5% of total amount debited if we debit your credit card for royalty or certain other fees.

#### **N. Overdraft/Returned Payment Fee**

Franchisee shall pay Franchisor a fee of \$50 per occurrence for any ACH or automatic debit payments that are returned or refused processing.

#### **O. Autosist Charge**

Franchisee shall pay an autosist charge of one hundred dollars (\$100) per month (“Autosist Charge”) for access to and use of certain GPS and preventive maintenance software for equipment. In Franchisor’s sole discretion, Franchisor may replace the software and technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto.

### **IV. OPENING OF FRANCHISED BUSINESS**

#### **A. Site**

Franchisee shall solely operate the Franchised Business from a flex warehouse space (the “Site”) that is approved by and meets Franchisor’s then-current site requirements and is identified in Exhibit 1 to this Agreement. The Site must be a flex space which includes a temperature control storage area ranging from two hundred and fifty (250) to one thousand (1,000) square feet. Larger spaces may be required for bigger territories. Franchisor may, but has no obligation to, make available a real estate manager from the Franchisor’s staff to assist in locating the proper Site for the Franchisee. Franchisee acknowledges and agrees that Franchisor’s approval of the Site is solely based upon the Site conforming to System Standards and is not intended as and should not be interpreted as an opinion or assurance regarding the success or profitability of the specific Site. Franchisee may relocate the Site of the Franchised Business so long the new Site meets Franchisor’s then-current Site requirements and is approved by Franchisor and Franchisee reimburses Franchisor for any costs and expenses incurred by Franchisor in the Franchised Business relocation.

#### **B. Time to Open**

Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee’s compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the “Opening Date”. Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor’s Initial Training Program, as further set forth in Article V, (ii) hire and train staff, if required, (iii) acquire a vehicle, equipment, tools, supplies, and inventory in accordance with Franchisor’s standards and specifications and, if appropriate, from Franchisor’s Approved Suppliers, that Franchisee is required to purchase prior to opening; (iv) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening. Franchisee’s failure to open the Franchised Business and commence operations within two hundred ten (210) days following the Effective Date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

### **V. TRAINING AND ASSISTANCE**

#### **A. Initial Training**

Prior to opening the Franchised Business, Franchisee and/or Franchisee’s Designated Manager if Franchisee is an entity, shall attend and successfully complete, to Franchisor’s satisfaction, the initial training program (the “Initial Training Program”) offered by Franchisor at a location designated by Franchisor. The Initial Training Program is offered tuition free regardless of the number of attendees. If

any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attends and successfully completes, to Franchisor's satisfaction, the Initial Training Program. Franchisee and your Franchised Business Designated Manager must attend and successfully complete to Franchisor's satisfaction the Initial Training at least one (1) week but not more than six (6) weeks before the opening of the Franchised Business. You must pay for all travel, lodging, and other costs of Initial Training attendance. Thereafter, we may charge a fee for attendance of the Initial Training for new and replacement managers.

Franchisee acknowledges that the grant of the franchise under this Agreement is conditioned upon the successful completion of Franchisor's Initial Training Program by Franchisee or if Franchisee is other than an individual, the Designated Manager. If, during the course of the Initial Training Program or within fifteen (15) days thereafter, Franchisor concludes that Franchisee or the Designated Manager, as the case may be, has not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to successfully operate a Steel Coated Floors Franchised Business in accordance with the standards and procedures of the Steel Coated Floors Methods and the System, Franchisor may, in its sole discretion and judgment, cancel this Agreement and all rights hereunder by giving notice to Franchisee. Upon the cancellation of this Agreement pursuant to this paragraph, Franchisee shall return to Franchisor the Operating Manual and all other materials, information, and other items that Franchisee received from Franchisor, including all copies thereof and notes thereon. Franchisee agrees to maintain the confidentiality of all information strictly received relating to the Steel Coated Floors Method and not to use, in connection with the offering or selling of a "mobile-services" business (each, a "Franchised Business") focused on providing a designated line of epoxy flooring products and services, primarily for residential garages as well as industrial and commercial garages, or similar business, any trade secrets or confidential information obtained from Franchisor.

## **B. Training of Replacement Personnel**

If Franchisee or the Designated Manager fail to complete the Initial Training Program to Franchisor's satisfaction, the respective persons may repeat the course, or, in the case of a new or replacement employee or attendee, Franchisee may send a replacement (the "Replacement Personnel") to the next available training session. Franchisor may charge its then-current training tuition fee for such Replacement Personnel to attend the Initial Training Program. Failure by Franchisee, an employee, attendee, or any Replacement Personnel to complete the Initial Training Program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

## **C. Opening Assistance**

Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to three (3) days, in Franchisor's discretion, at no charge to Franchisee. If Franchisee requests, or if Franchisor determines it is necessary for, Franchisor's personnel to remain on-site after such three (3)-day period, Franchisee shall be required to pay to Franchisor the then-current per diem rate for Franchisor's personnel.

## **D. Ongoing Training.**

Franchisor may also require that Franchisee and/or its Designated Manager, employees, and contractors attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time. Failure to attend mandatory training, including an annual conference or business meeting, is a default under this Agreement. If Franchisor fails to attend any mandatory training program, Franchisee

is required to obtain the training at a location Franchisor's designates, at Franchisee's sole cost, which includes tuition at the then-current rate, plus all your travel costs and our trainer's travel costs.

#### **E. Annual Meeting**

Franchisor reserves the right to conduct an annual conference and/or convention for all franchisees, and/or System owners and/or System operators, and may require that all franchisees, and/or System owners and/or System operators and/or any Designated Manager attend and participate in this annual event for a period of up to five (5) business days. Franchisor reserves the right to charge Franchisee a fee for such meetings. This provision shall not be construed to require Franchisor to hold, provide, sponsor, host, or organize any such meetings.

#### **F. Continuing Assistance**

Franchisor will provide Franchisee, at no charge to Franchisee, periodic and continuing advisory assistance with technical, operational, sales, personnel, accounting, or other issues affecting the day-to-day operation of the Franchised Business in such manner and frequency as Franchisor deems advisable.

#### **G. Additional Training Costs**

For all training courses, seminars, and programs, Franchisor shall provide instructors and training materials, for any refresher, remedial, or additional training it provides at the cost of one hundred and fifty dollars (\$150) per day plus reasonable travel expenses. Franchisee shall bear the cost of all other expenses for its attendees during the training period, including, without limitation, the costs of transportation, lodging, meals, wages, and workers' compensation insurance.

### **VI. SYSTEM STANDARDS**

#### **A. Standards**

Franchisee acknowledges and agrees that every detail of the System is important, not only to Franchisee but also to Franchisor and other Steel Coated Floors franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services offered by all franchisees, to establish and maintain a reputation for uniform, efficient, high-quality products and services, and to protect the goodwill of all Steel Coated Floors franchises. Franchisee further acknowledges and agrees that a fundamental requirement of the System, this Agreement, and other Steel Coated Floors franchises are adherence by all Franchisees to the uniform specifications, standards, operating procedures, and rules prescribed by Franchisor for the development and operation of the Franchised Business (collectively referred to as System Standards).

Accordingly, Franchisee agrees to comply with each and every System Standard, as periodically modified and supplemented by Franchisor in its sole and absolute discretion, during the term of this Agreement. Franchisee further agrees that System Standards prescribed from time to time in the Operating Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth in this Agreement. All references to this Agreement include all System Standards as periodically modified.

Franchisee agrees to comply with System Standards and not to deviate from Franchisor's specifications or procedures. In addition to all other remedies provided herein or otherwise, if franchisee fails to adhere to the System Standards or Franchisee is found in violation of the System Standards, Franchisee shall reimburse Franchisor for any and all cost and expenses associated with counsel, inspection, support,

assistance, enforcement rendered to and against Franchisee regarding said System Standards violation and/or non-compliance.

### **B. Designated and Approved Suppliers**

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase all supplies, equipment, marketing materials, and other products and materials required for the operation of the Franchised Business as the Franchisor designates from time to time solely from Franchisor, Franchisor's affiliates, and/or any vendors and suppliers designated by Franchisor ("Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue and other material consideration on any products and/or services that Franchisor, Franchisor's affiliates and/or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Operations Manual or any other manner Franchisor deems appropriate.

### **C. Supplier Approval**

If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval or shall request the supplier itself to do so. Such request shall include the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent certified laboratory designated by Franchisor, for testing, and the actual cost of the tests shall be paid by Franchisee or the supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within forth-five (45) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's criteria. Franchisor may charge a reasonable fee for inspection, review, and approval of suppliers. Franchisor may revoke supplier approval at any time for any reason upon notice to the franchisees.

### **D. Products and Services**

Franchisee shall offer and sell all products and services, and only those products and services authorized by Franchisor and specified in the Operating Manual or as designated in writing by Franchisor (the "Permitted Products and Services"). Franchisor may unilaterally add and delete products or services to or from the Permitted Products and Services at any time. Franchisor may also designate any products or services as optional. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Permitted Products or Services that Franchisor indicates requires

additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Permitted Product and Services.

#### **E. Pricing**

Subject to applicable law, Franchisor may provide recommended and suggested pricing for the Franchised Business products and services. Franchisor will provide training in how to quote residential jobs. All commercial quoting will run through the Franchisor.

#### **F. Promotions**

Franchisee shall fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional, and other programs, initiatives, and campaigns adopted by Franchisor that Franchisor requires Franchisee to participate in.

#### **G. Equipment and Inventory.**

Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles (each wrapped in accordance with Franchisor's specifications), equipment, tools, supplies, and inventory as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory, including Franchisor's proprietary products and other equipment and supplies used at project sites, as required by Franchisor to adequately meet consumer demand. Franchisor reserves the right to require Franchisee to invest in additional infrastructure and/or equipment and staffing requirements, as may be set forth more specifically in the Operations Manual or otherwise in writing, to ensure adequate brand servicing in the Territory.

#### **H. Maintenance Standards**

Franchisee shall at all times maintain the Franchised Business and all equipment in a high degree of cleanliness, repair, and condition, and in connection therewith and shall make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repair and replacement of obsolete furnishings, fixtures, equipment, and signs as Franchisor may direct.

#### **I. Refurbishing**

Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's computer system, required software, vehicle(s), trailer(s), equipment, tools and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Site or vehicles and trailers in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the Site or Franchisee's vehicles and rigs or other equipment, does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Site and affect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

## **J. Variance**

Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege to vary System Standards for any Steel Coated Floors Franchisee based upon any condition that Franchisor deems to be of importance to the successful operation of such franchisee's business.

## **VII. FRANCHISED BUSINESS OPERATIONS**

### **A. Business Operation**

After opening, Franchisee shall maintain the Franchised Business in continuous operation during all normal business hours as provided for in the Operating Manual during the term of this Agreement. Franchisee shall use its best efforts to promote and develop the market for the Permitted Products and Services. The Franchised Business must at all times be under the direct supervision of Franchisee or the Designated Manager who must devote his/her full time and energy to the operation of the Franchised Business is approved by Franchisor and has successfully completed Franchisor's initial training.

### **B. Inspection**

To ensure compliance with this Agreement and System Standards, Franchisor or its designated agents have the right, at any reasonable time and without prior notice, to (i) inspect the Franchised Business; (ii) observe Franchisee, the Designated Manager and the Franchised Business's employees during the performance of work; (iii) confer with the Franchisee or Designated Manager and its employees; (iv) contact and interview customers and suppliers/distributors of Franchisee; (v) inspect, inventory, and check any and all inventory, equipment, signage, fixtures, furniture and operating methods of the Franchisee; (vi) test products and supplies; and (vii) conduct online or other surveys and secret shoppers, including recorded and interviews. Franchisor may require that Franchisee furnish its customers with an evaluation form specified by the Franchisor pre-addressed to the Franchisor. Franchisee agrees to fully cooperate with representatives of the Franchisor, making any inspection or observing or evaluating the work of Franchisee or its employees. If any inspection conducted by Franchisor or its designee reveals that the Franchised Business fails to meet System Standards, Franchisor may charge the then-current standard re-inspection fee. Franchisee's failure to achieve or exceed System Standards in two (2) inspections in any twenty-four (24) month period is a material breach of this agreement, for which Franchisor, in addition to its other legal and equitable remedies, may terminate this Agreement, refuse to renew the Franchise granted under this agreement, or reduce the geographic size of the Territory.

### **C. Minimum Performance Standard**

Franchisee acknowledges and agrees that in order to remain in good standing and maintain the Territory right granted hereunder, the Franchised Business must achieve Five Hundred Thousand Dollars (\$500,000) in Gross Revenue per year in each of the third (3<sup>rd</sup>) through fifth (5<sup>th</sup>) years of operations and Seven Hundred and Fifty Thousand Dollars (\$750,000) in Gross Revenue per year in each of the sixth (6<sup>th</sup>) through tenth (10<sup>th</sup>) years of operations. Failure to meet the Minimum Performance Standards is a material default of this Agreement, and Franchisor may grant a franchise to another to open a Steel Coated Floors within the Territory.

Franchisee acknowledges that the Minimum Performance Standard amounts do not constitute and are not in the nature of "earnings claims" or "financial performance representations." Franchisor disclaims any representation, warranty, or guarantee that Franchisee can or will achieve levels of sales necessary to

comply with the Minimum Performance Standard amounts above, or any other level or range of sales, income, or other measures of performance. As a practical business matter, Franchisor is unable to reliably estimate or predict the future financial or other results of any Steel Coated Floors Franchisee and is unable to estimate or predict Franchisee's potential results reliably.

#### **D. Payment of Liabilities**

Franchisee shall at all times pay its distributors, lessors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such persons become due and holds Franchisor harmless therefrom. Franchisee's failure to do so shall constitute a breach of this Agreement. In the event Franchisee shall fail to pay any such obligations promptly as the debts to such persons or entities become due, Franchisor shall, in addition to its other remedies provided in this Agreement, have the right, at its election and without being obligated to do so, to pay such obligations and the amount or amounts paid therefore shall be paid by Franchisee to Franchisor with the next succeeding payment due Franchisor under this Agreement, together with interest at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

#### **E. Payment of Taxes**

Franchisee shall at all times pay its taxes on real and personal property, leasehold improvements, and fixtures and equipment, and all sales, payroll, and other taxes promptly when due and hold Franchisor harmless therefrom. Franchisee's failure to do so shall constitute a breach of this Agreement. All taxes shall be paid directly to the taxing authorities prior to the delinquent date. If any taxes become delinquent, Franchisor may elect to pay the delinquent tax on behalf of Franchisee, together with penalties and interest, if any, and Franchisee agrees, upon demand of Franchisor, to reimburse Franchisor for any sums so paid by Franchisor, together with interest at the rate of eighteen percent (18%) per annum, or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

#### **F. Compliance with Law**

Franchisee agrees to comply with all laws, regulations, and requirements of federal, state, municipal, and other governmental entities and agencies (including, but not limited to, Title VII of the Civil Rights Act, the OSHA, the ADA, the Age Discrimination in Employment Act, and any other federal, state or local employment laws relating to occupational hazards and health, consumer protection, employment discrimination, and sexual harassment), and to obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct the Franchised Business in any jurisdiction in which it operates. Franchisee agrees and acknowledges that Franchisee alone shall be responsible for compliance with the obligations under this paragraph and that Franchisor shall have no obligation with respect thereto.

#### **G. Client Service**

Franchisee acknowledges that client satisfaction is essential to Franchisee's success as well as the reputation and success of the Marks, the System, and other Steel Coated Floors franchisees. Accordingly, Franchisee agrees to (i) use its best efforts to ensure the satisfaction of each of Franchisee's customers; (ii) use good faith and fair dealing in all dealings with customers, potential customers, suppliers, and creditors; (iii) respond to client complaints in a courteous, prompt, and professional manner; and (iv) use its best efforts to resolve client disputes promptly and fairly in a mutually agreeable manner. If Franchisee fails to resolve a dispute with a client, for any reason whatsoever, Franchisor, in its sole discretion, may (but shall not be

obligated to) investigate the matter and require Franchisee to take such actions as Franchisor deems necessary or appropriate to resolve the dispute fairly and promptly. Nothing contained in this Section, or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

Franchisee agrees to participate in and fully comply with any customer warranty or guaranty, or customer satisfaction program Franchisor may establish from time to time.

## **VIII. ORGANIZATION, MANAGEMENT AND STAFFING**

### **A. Non-Individual Franchisee**

If Franchisee is other than an individual, it shall comply with the following requirements prior to its execution of this Agreement:

1. Franchisee shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;

2. Franchisee, prior to the execution of this Agreement, shall have provided Franchisor with written information as to each shareholder, member or partner of Franchisee ("Principals"), and the interest of each and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;

3. All Principals of Franchisee shall enter into a personal guaranty, in the form attached hereto as "Exhibit 2", agreeing to be personally bound by and unconditionally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor;

4. Each ownership certificate of Franchisee, if any, shall have conspicuously endorsed upon its face the following legend:

"The transfer, sale, or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Steel Coated Floors dated \_\_\_\_\_."

5. Copies of Franchisee's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and

6. Franchisee's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

### **B. Designated Manager & Designated Salesperson**

If Franchisee is other than an individual, prior to beginning the initial training program, Franchisee shall designate, subject to Franchisor's approval, an individual (the "Designated Manager") who shall be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee. Criteria for Franchisor's approval of the Designated Manager may include completion of the Franchisor's Initial Training Program and other criteria as stipulated by Franchisor. Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager to have been given, by Franchisee, decision-making authority and responsibility regarding all aspects of the

Franchised Business. In the event that the person designated as the Designated Manager dies, becomes incapacitated, leaves Franchisee's employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee shall promptly, but no event later than forty-five (45) days, designate a new Designated Manager, subject to Franchisor's approval. Franchisee must also hire a dedicated sales person who will be responsible for selling Permitted Products and Services within the Territory, networking with businesses in the community, implementing Franchisor's sales programs, and being responsible for growing the local business.

### **C. Franchised Business Staff**

Franchisee shall employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor. The Franchisee shall maintain competent, continuous, and well-trained staff in accordance with the Operations Manual and Franchisor standards. Franchise Business shall always have an employee clocked in who has received the Initial Training Program.

Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Steel Coated Floors outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co- employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

Franchisee shall conduct a background review of every prospective employee's criminal history, drug screening, and any other histories as set forth in the Manual and that Franchisee determines to be necessary and appropriate, prior to hiring. Notwithstanding the foregoing, all matters of employment and the protection of Franchisee's clients and client information are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

### **D. Compliance with the USA Patriot Act**

Franchisee certifies that neither Franchisee nor any of its Principals, employees, or other persons associated with Franchisee is an Embargoed Person. Franchisee shall not hire or have any dealings with an Embargoed Person or permit an Embargoed Person to hold an Ownership Interest in or position as a director or officer of Franchisee. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or any of its Affiliates, Principals, employees, or other persons associated with Franchisee being an Embargoed Person. Franchisee shall comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws. In connection with that compliance, Franchisee certifies, represents, and warrants that none of its property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its Affiliates and Principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all Anti-Terrorism Laws, and

Franchisee specifically acknowledges and agrees that its indemnification responsibilities so stated in this agreement include Franchisee's obligations under this paragraph. Any misrepresentation by Franchisee under this paragraph or any violation of the Anti-Terrorism Laws by Franchisee, its Affiliates, Principals or employees, will constitute grounds for immediate termination of this Agreement and any other agreement between any Franchisor-Related Person and Franchisee or any of its Affiliates, Principals or employees.

## **IX. COMMUNICATIONS AND INFORMATION SYSTEMS**

### **A. Computer System**

To ensure the efficient management and operation of the Franchised Business and the transmission of data to and from Franchisor, Franchisee, at its own expense, shall install, prior to opening the Franchised Business, and shall maintain and utilize during the term of this Agreement, such communication and information system as may be specified by the System Standards from time to time.

1. As used in this Agreement, the term communication and information system shall mean hardware (including without limitation one or more computers and/or other computer components); software designated for the management and operation of the Franchised Business, as well as reporting and sharing information with Franchisor; and communication systems (including, without limitation, digital and analog modems, satellite, cable, and other systems).

2. Franchisee shall use communication and information system as designated by Franchisor and as may be so required lease and/or purchase its communication and information system only from Franchisor Approved vendor or vendors or suppliers. Franchisee shall not install, or permit to be installed, any devices, software, or other programs not approved by Franchisor for use with the communication and information system.

3. Franchisor may, from time to time, develop or authorize others to develop proprietary software programs for use in the System, which Franchisee may be required to purchase and/or license, and use, in connection with the Franchised Business. Franchisee agrees that it shall execute any license, sublicense, or maintenance agreement and pay any applicable fees required by Franchisor or any other approved licensor or approved vendor of such proprietary software programs.

4. If required by Franchisor, Franchisee shall obtain and maintain a contract with a vendor that Franchisor has approved in writing for software maintenance, support, and upgrade services for Franchisee's communication and information system and to provide Franchisee with such assistance as Franchisee and Franchisee's employees may require. Franchisee acknowledges that Franchisor may be one of or the only approved vendor for such services, and if Franchisee obtains these services from Franchisor, then Franchisee agrees that it shall pay Franchisor the maintenance fee and help desk fee specified by Franchisor for such services. Notwithstanding these rights of Franchisor, Franchisor shall not at any time be obligated to provide any such services or support for the hardware or software used in the communication and information system.

5. Franchisee shall upgrade and update its communication and information system in the manner and when specified by Franchisor in writing.

6. Franchisee shall have the sole and complete responsibility for the manner in which Franchisee's communication and information system interfaces with other systems, including those of Franchisor and other third parties, as well as any and all consequences that may arise if Franchisee's communication and information system is not properly operated, maintained, and upgraded.

7. Franchisee shall: (a) promptly enter, into its communication and information system, and maintain all information required to be entered and maintained by Franchisor; (b) provide to Franchisor such reports as Franchisor may request from the data so collected and maintained, and (c) permit Franchisor to access Franchisee's communication and information system at all times via modem or other means specified by Franchisor from time to time. Franchisee shall cooperate with Franchisor and shall execute all documents required by Franchisor to permit access to Franchisee's communication and information system and data contained therein. The reporting requirements set forth in this Section shall be in addition to and not in lieu of the reporting requirements set forth otherwise in this Agreement.

8. Any and all data collected or provided by Franchisee, downloaded from Franchisee's communication and information system, and otherwise collected from Franchisee's system by Franchisor and/or provided to Franchisor is and shall be owned exclusively by Franchisor, and Franchisor shall have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee, including, but not limited to, the disclosure or distribution of such information to other franchisees of Franchisor, or the disclosure of such information to prospective franchisees of Franchisor, by inclusion in Franchisor's franchise disclosure document or otherwise; however, Franchisee is hereby licensed (without any additional fee) to use such data solely for the purpose of operating the Franchised Business, and such license shall automatically and irrevocably expire when this Agreement terminates or expires, without additional notice.

## **B. Email and Telephone**

Franchisee shall maintain telephone lines and features for use exclusively by the Franchised Business as required by Franchisor in the Operating Manual or otherwise communicated to Franchisee from time-to-time.

1. Prior to opening the Franchised Business and thereafter at all times during the term of this Agreement, Franchisee shall obtain and maintain an e-mail account as specified by Franchisor that is capable of receiving and sending attached files of a size specified by Franchisor in the Operating Manual or otherwise communicated to Franchisee from time-to-time, along with an internet connection via a commercial internet service provider.

2. Franchisor shall have the right, but not the obligation, to establish a Web Site and/or other electronic system providing private and secure communications (e.g., an extranet) between Franchisor, Franchisee, other franchisees, and other persons and entities as determined by Franchisor, in its sole discretion. If required by Franchisor, Franchisee shall establish and maintain access to the extranet in the manner specified by Franchisor and shall, from time to time, execute such agreements and/or acknowledge and agree to comply with such policies concerning the use of the extranet as Franchisor may prepare.

## **X. RECORDS AND REPORTS**

### **A. Records**

During the term of this Agreement, Franchisee shall maintain and preserve, for at least seven (7) years from the date of their preparation, full, complete, and accurate books and records of accounts, prepared in accordance with generally accepted accounting principles, and client files and records pertaining to the Franchised Business granted pursuant to this Agreement, all in the form and manner prescribed by Franchisor in the Operating Manual or otherwise in writing. In connection with its maintenance of such accounts and records, Franchisee, at its expense, shall:

1. Submit to Franchisor, on or before the Tuesday of the week during the term of this Agreement, a Gross Revenue Report and statement of operations in the form prescribed by Franchisor and

certified by Franchisee or the Designated Manager, accurately reflecting Franchisee's Gross Revenues and the results of operations of the Franchised Business, respectively, during the preceding period, along with such other data or information as Franchisor may require.

2. Submit to Franchisor monthly, quarterly, and/or annual financial reports, including balance sheets, cash flow statements, profit and loss statements, and other reports as required by Franchisor. All reports shall be submitted timely in accordance with Franchisor's schedule, and all reports shall be certified by Franchisee or the Designated Manager to accurately reflect, respectively, the financial condition of the Franchised Business.

3. Submit to Franchisor signed copies of the federal income tax returns for the previous tax year, as filed with the Internal Revenue Service, of Franchisee and of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty percent, on or before April 30 of each year, or, if the taxpayer has received an extension of time to file and submits to Franchisor a signed, file-stamped copy of IRS Form 4868 or 2688, as applicable, then within fifteen (15) days after the final due date for such return, but in no event later than October 30th.

4. Submit to Franchisor, for review or auditing, such other forms, reports, bank statements, client files, records, information, and data as Franchisor may designate, in the form and at such times and places as Franchisor may request.

5. Purchase and install such equipment as Franchisor may require automating the reporting of financial information and payment of recurring fees pursuant to this Agreement, including, but not limited to, internet or intranet reporting and pre-authorization of electronic fund transfer or bank debit.

## **B. Franchisor Audits and Inspection**

At all times during the term of this Agreement and for a period of three (3) years after the termination or expiration of this Agreement, Franchisee covenants and agrees to permit Franchisor or its designated agents at all reasonable times to examine, at Franchisor's expense and at such location as Franchisor may reasonably select, Franchisee's books and records of accounts, bank statements, canceled checks, client files, federal, state, and local income tax, sales and use tax, and payroll tax returns, the federal income tax returns of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty (50%) percent, and any other information or records pertaining to the Franchised Business (collectively referred to as "Franchisee's Business Records"). If such an inspection should reveal that Gross Revenues have been understated in any report to Franchisor, then Franchisee shall immediately pay the amounts due with respect to such understatement plus the late fees and interest at prime (as stated in the Wall St. Journal) plus 3% per year plus the cost of the audit). In addition, if the audit is initiated due to franchisee's non-compliance with the terms herein or the Operating Manual or if an inspection reveals an understatement of Gross Revenues of two percent (2%) or more for any monthly period so inspected, or if an inspection is prompted by Franchisee's failure to maintain any records or to timely submit any report or other information required by this Agreement, then Franchisee shall also reimburse Franchisor for any and all costs and expenses of such inspection, including, without limitation, wages paid by Franchisor to its employees, travel expenses, and reasonable accounting and attorneys' fees. The foregoing remedies shall be in addition to any other remedies Franchisor may have. Franchisor shall also have the right, at any time, to have an independent audit made of Franchisee's Business Records.

## **XI. INDEMNIFICATION AND INSURANCE**

### **A. Indemnification**

Franchisee is responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership, and operation of the Franchised Business and all claims or demands for damages to property or for injury, illness, or death of persons, directly or indirectly arising out of, or in connection with, possession, ownership or operation of the Franchised Business or the actions or omissions of Franchisee, its employees, officers, managers, representatives, and agents. Franchisee shall provide written notice to Franchisor of any and all demands for damages, claims, civil, administrative, or regulatory suits, complaints, or action, demands for arbitration, mediation, filed against Franchise or Franchisee's owners, employees, or agents no more than fourteen (14) days from service of any of the aforementioned.

Franchisee agrees to indemnify, hold harmless and, at the Franchisor's request, defend the Franchisor and its affiliates and franchisees, and their agents, employees, attorneys, successors, and assigns against any and all claims, suits, demands, losses, damages, or liabilities, and all related expenses, including reasonable attorneys' fees and court costs, which directly or indirectly arising out of, in connection with, or as a result of possession, Franchisee's ownership or operation of the Franchised Business or the acts or omissions of Franchisee. This indemnity obligation will continue in full effect even after the expiration, transfer, or termination of this Agreement. The Franchisor's right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on the Franchisor by statute, ordinance, regulations, or other laws.

### **B. Insurance**

Franchisee must obtain and provide Franchisor with evidence of insurance in at least the minimum amounts and with the coverages specified in the Operating Manual or otherwise by Franchisor. Evidence of this insurance must be initially provided before beginning the operation of the Franchise Business. Certificates of renewal must be provided no later than ten (10) days before the expiration date of each policy. If Franchisee does not provide the Franchisor with evidence of any required insurance policies at any due date, Franchisor may purchase that insurance at the Franchisee's expense. Franchisee shall reimburse Franchisor on demand for Franchisor's cost in obtaining this insurance together with interest at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee. Each required policy of liability insurance must name Franchisor as an additional insured and must provide that Franchisor will be given at least thirty (30) days' notice before cancellation, modification, or amendment of the policy.

## **XII. PROPRIETARY MARKS**

### **A. Use by Franchisee.**

Franchisee's right to use the Marks as granted in this Agreement is limited to their use in connection with the operation of the Franchised Business within the Territory and otherwise as described herein and as set forth in the Operating Manual or as may be prescribed in writing by Franchisor from time to time.

### **B. Exclusive Property of Franchisor.**

Franchisee acknowledges Franchisor's right, title, and interest in and to the Marks, along with the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in the System are exclusive to Franchisor. Except as expressly provided by this Agreement, Franchisee shall acquire no right, title, or interest therein, and any and all goodwill associated with the system and the Marks

shall insure exclusively to Franchisor's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the system or the Marks.

### **C. Infringement by Franchisee.**

Franchisee acknowledges that the use of the Marks outside of the scope of this Agreement without Franchisor's prior written consent is an infringement of Franchisor's rights, title, and interest in and to the Marks. Franchisee expressly covenants that during the term of this Agreement and after the expiration or termination hereof, Franchisee shall not, directly, or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the Marks or take any other action in derogation thereof.

### **D. Infringement by Others.**

Franchisee shall promptly notify Franchisor of any use of the Marks or any colorable variation thereof by any person or legal entity other than Franchisor or any of its representatives and agents or other Franchisees, or any other mark in which Franchisor has or claims a proprietary interest. Franchisee further agrees to notify Franchisor promptly of any litigation instituted by any person or legal entity against Franchisor or Franchisee involving the Marks. In the event Franchisor, in its sole discretion, undertakes the defense, prosecution, or settlement of any litigation relating to the Marks, Franchisee agrees to execute any and all documents and to render such assistance as may, in the opinion of Franchisor, be reasonably necessary to carry out such defense, prosecution or settlement. In the event that any party demonstrates, to Franchisor's sole satisfaction, a superior right to use any of the Marks, Franchisee shall, upon demand by Franchisor, discontinue its use of such Mark(s) and adopt, at Franchisee's sole cost and expense, any Mark(s), if any, selected by Franchisor to replace such discontinued Mark(s).

### **E. Improper Use.**

Franchisee shall not use any of the Marks, or any derivative or a colorable variation thereof: (i) as part of Franchisee's corporate or other legal names; (ii) on or as part of any Website, domain name, URL, web page, Social Media site, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines, or other similar services (without Franchisor's prior written consent); (iii) with any prefix, suffix (including, but not limited to, the word "Inc. or LLC"), or other modifying words, terms, designs, or symbols; or (iv) in any modified form. "Social Media" shall mean any social media site, which shall include, without limitation, Facebook, TikTok, LinkedIn, YouTube, Instagram, Twitter/X, Plaxo and Pinterest. Franchisee shall not register any of the Marks, or any derivative or a colorable variation thereof, as a service mark, trademark, or internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefore or that may harm, tarnish, or impair Franchisor's reputation, name, services or Marks. The provisions of this paragraph shall survive the expiration, termination, or cancellation of this Agreement.

### **F. Non-exclusive Use.**

Franchisee expressly acknowledges and agrees that this license to use the Marks is non-exclusive, and Franchisor has and retains the rights, among others:

1. To grant other licenses for the use of the Marks, in addition to those already granted to existing franchisees and to Franchisee; and
2. To develop and establish other systems and programs utilizing the same or similar Marks, or any other proprietary marks, and to grant franchises therein without granting Franchisee any rights therein;

#### **G. Use by Others.**

Franchisee shall not permit any third party to imprint the Marks on any products, materials, documents, and supplies utilized by Franchisee in connection with the operation of the Franchised Business without first obtaining the consent of Franchisor and causing such third party to execute a license agreement as specifically provided for in this Section of this Agreement.

#### **H. Modification of Marks.**

Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

### **XIII. CONFIDENTIAL INFORMATION**

#### **A. Confidential Information.**

Confidential Information hereby includes, without limitation, any and all confidential, proprietary, and trade secret information relating to the operation of a Franchised Business, such as: all financial, operational, technical and marketing information; the Operating Manual and Franchisor's System policies or procedures, and franchising materials, brochures, marketing plans, forecasts, and related information; cost data; pricing information; business plans; financial records and results of Franchisor's operations and other persons or entities operating a Franchised Business; photographs, devices, samples, models, and illustrations; software developed by or for Franchisor; customer lists and any information relating to Franchisor's customers or the customers of other System franchisees; patent, trademark, service mark, and copyright applications; information relating to inventions, discoveries, software and any other research and development information; methods of conducting the Franchised Business developed by Franchisor or other franchisees, and any forms, memoranda, outlines, protocol, presentations, proposals, software, or other documents or information related to such methods; any information of a customer not generally known or available to the public; any trade secrets (including, but not limited to, components of the System, product marketing and promotional techniques, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers), or of a customer of Franchisor, or of any other franchisee; and any information about or originating from any Franchisee which, if it was information of Franchisor, are expressly deemed Confidential Information pursuant to the foregoing (collectively, "Confidential Information"). Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

#### **B. Nondisclosure.**

During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter,

communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, as defined in Section XII.A. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately and Franchisee may not use Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.

### **C. Business Operations.**

In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under the Marks, Franchisee shall conduct its operations hereunder in accordance with Franchisor's Operating Manual, as the same may be amended or modified from time to time.

### **D. Employees and Subcontractors.**

All of Franchisee's employees and subcontractors must execute covenants that they will maintain the confidentiality of information they receive in connection with their employment or engagement by Franchisee at the Franchised Business. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as "Exhibit 3" to this Agreement. Employee non-compete and restrictive covenant agreements must include, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

### **E. Modification.**

Franchisor shall have the right to add to or otherwise modify the Operating Manual from time to time to reflect changes in any of the System Standards, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Without limiting the generality of the foregoing, Franchisor may, during the term of this Agreement, require Franchisee to modify, enhance and/or replace all or any part of Franchisee's communication and information system at Franchisee's expense, and Franchisee agrees to acquire or acquire the right to use for the remainder of the term of this Agreement, after receipt of written notice from Franchisor, the modified, enhanced or replacement version of the communication and information system specified by Franchisor. Franchisee further agrees to take all other actions as may be necessary to enable the modified, enhanced, or replacement communication and information system to operate as specified by Franchisor. Any such modifications, enhancements, and replacements may require Franchisee to incur costs to purchase, lease, and/or license new or modified computer hardware and/or software or other equipment and to obtain different and/or additional services and support services during the term of this Agreement. Franchisee acknowledges that Franchisor cannot estimate the costs of future maintenance, enhancements, modifications, and replacements to the communication and information system or other items and that such maintenance, enhancements, modifications, and replacements required by Franchisor may involve additional investment by Franchisee during the term of this Agreement. Franchisee shall at all times ensure that its copy of the Operating Manual is kept secure, current, and up to date, and in the event of any dispute as to the contents of the Operating Manual, the terms of the master copy of the Operating Manual maintained by Franchisor at Franchisor's home office shall be controlling. Upon Franchisor's request, Franchisee will cooperate in the efficient return of all Operating Manuals that have been identified by the Franchisor as obsolete.

### **F. Use of and Improvements to the Method.**

In order to assure maximum uniformity of quality and service in all treatments provided by all Steel Coated Floors employees and staff, Franchisee agrees to follow the procedures prescribed by Steel Coated Floors methods strictly. As Franchisor develops or learns of improvements, enhancements, or innovations in the

procedures and techniques embodied in the Steel Coated Floors Method, Franchisor will disseminate such information to all franchisees of the system and authorize their use in the Franchised Business. In return and in consideration, therefore, Franchisee agrees that any idea or suggested innovation or variation that may tend to enhance or improve the Steel Coated Floors Method that Franchisee develops, discovers, or otherwise becomes aware of during the term of this Agreement shall be submitted to Franchisor for its evaluation for adoption and use, and Franchisee agrees that all proprietary rights to such ideas, innovations, improvements, enhancements, or variations created or acquired by Franchisee or any of its employees shall belong exclusively to Franchisor and may be made available to all Steel Coated Floors franchisees.

#### **G. Remedies.**

Franchisee acknowledges that any failure to comply with this Section will cause Franchisor irreparable injury, and Franchisee consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or any injunction against a violation of, the requirements of this Section.

#### **H. Preservation of Confidentiality.**

Franchisee shall require Franchisee's Principals directors, officers, and managers, at the time of the commencement of their association with Franchisee, to execute confidentiality agreements, in a form approved by Franchisor, requiring that all information is proprietary or confidential hereunder that may be acquired by or imparted to such persons in connection with their association with Franchisee be held in strict confidence and used solely for the benefit of Franchisee and Franchisor, at all times during their association with Franchisee and thereafter. Such covenants shall include specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce the same.

### **XIV. ADVERTISING**

#### **A. Advertising.**

Recognizing the value of advertising and the importance of consistency of advertising and promotion to the furtherance of the goodwill and public image of the System, the parties agree that Franchisor shall conduct, determine, maintain, and administer all general, national, and/or regional advertising funds that are or may hereafter be established pursuant to this Section, and shall have sole discretion over the concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout, and content of all general, national, regional, and local advertising.

#### **B. Brand Development Fund.**

Franchisor has established and administers a Brand Fund for the common benefit of System franchisees. Franchisee shall pay a Brand Development Fund Contribution of 1% of Gross Revenues or \$50 per week in year 1; and in year 2 and thereafter \$100 per week, whichever is greater ("**Brand Development Fund Contribution**"), as Franchisor may establish for advertising for the System. The Brand Development Fund shall be maintained and administered by Franchisor as follows:

1. Franchisee agrees and acknowledges that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchisees within the System. Franchisor has the sole right to determine contributions and expenditures from the Brand Development Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, Franchisor will make a good faith effort to expend the Brand Development Fund in the general best interests of the System on a national

or regional basis. Franchisor may use the Brand Development Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: the cost of preparing and producing internet, television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting Special Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro or within a region, as the case may be, and that Franchisor is not obligated in administering the Brand Development Fund Contribution to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's Brand Development Fund Contribution or to ensure that any particular franchise benefits directly or pro-rata from the placement of advertising. The Brand Development Fund will not be used for purposes primarily involving franchise sales; however, Franchisor reserves the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Development Fund contributions.

2. Franchisor may (but is not obligated to), for each of its company-owned or affiliate owned locations (if any), make Brand Development Fund Contributions to the Brand Development Fund on the same basis as assessments required of comparable franchisees within the System.

3. Franchisee shall contribute to the Brand Development Fund by separate transaction made payable to the Steel Coated Floors Brand Development Fund or such other designation as Franchisor may from time to time prescribe. All sums paid by Franchisee to the Brand Development Fund shall be maintained in an account separate from the other money of Franchisor. Such sums shall not be used to defray any of Franchisor's operating expenses, except for such reasonable salaries, overhead, and administrative, accounting, legal (including, without limitation, the defense of any claims against Franchisor and/or Franchisor's designee regarding the management of the Brand Development Fund) and other costs, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Brand Development Fund or advertising programs for franchisees and the System, including the costs of enforcing the payment of Brand Development Fund Contributions required under this Agreement and the costs of preparing a statement of operations. The Brand Development Fund Contribution and its earnings shall not otherwise insure the benefit of Franchisor.

4. Franchisee acknowledges and agrees that Franchisor reserves the right to have the Brand Development Fund borrow from Franchisor or an affiliate to cover deficits or invest any surplus for future use. Franchisor will keep records of any such borrowing described in this Section.

5. Franchisee agrees that Franchisor (and any designee of Franchisor) shall not have any direct or indirect liability or obligation to Franchisee, the Brand Development Fund, or otherwise with respect to the management, maintenance, direction, administration, or otherwise of the Brand Development Fund. Franchisee further agrees that Franchisor shall not be liable for any act or omission, whether with respect to the Brand Development Fund or otherwise, which is consistent with this Agreement or other information provided to Franchisee, or which is done in subjective good faith. Franchisee and Franchisor, each having a mutual interest and agreeing on the critical practical business importance of his or her relationship being governed solely by written instruments signed by the parties to be bound (and not having either party subject to the uncertainty inherent in the application of legal or other concepts not expressly agreed to in writing by both parties), agree that their rights and obligations with respect to the Brand Development Fund and all related matters are governed solely by this Agreement and that neither this Agreement nor the Brand Development Fund are in the nature of a "trust," "fiduciary relationship" or

similar special arrangement, but is only an ordinary commercial relationship between independent businesspersons for their independent economic benefit.

6. Any Brand Development Fund contributions which are not spent by Franchisor in the calendar year in which they were contributed will be carried over for use by the Brand Development Fund in subsequent year(s). Upon written request, Franchisor will prepare and make available an annual, unaudited statement of contributions and expenditures for the Brand Development Fund within one hundred twenty (120) days of the end of the fiscal year.

7. Although Franchisor intends the Brand Development Fund to be of perpetual duration, Franchisor maintains the right to terminate any Fund. No Fund shall be terminated, however, until all money in the Fund has been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective Brand Development Fund Contributions.

### **C. Franchise Advisory Council.**

Franchisee shall participate, at Franchisee's sole expense, in local, regional, and national franchise advisory committees or councils if established or sanctioned by Franchisor. The Council shall serve in an advisory capacity only and will not have the authority to establish or modify our policies or to direct or control the uses of our Marketing. Franchisor shall have the power to determine membership, the election of Council Officers, and to change or dissolve the Franchise Advisory Committees.

### **D. Advertising Materials.**

In addition to any other advertising requirements described in this Agreement, Franchisee shall obtain and maintain an adequate supply of brochures, pamphlets, and special promotional materials of such kind and size as Franchisor may reasonably require from time to time in the Operating Manual or otherwise in writing.

### **E. Delegation of Franchisor's Duties.**

Franchisor shall have the right to delegate and re-delegate its responsibilities and duties under this Agreement to any designee(s) of its choosing, provided, however, that the right of final approval of all advertising programs shall be retained at all times by Franchisor.

### **F. Web Site.**

Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein. In connection with any Website, Franchisee agrees to the following:

1. Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, any or all of the Permitted Products and Services, Steel Coated Floors Franchised Business, the franchising of Steel Coated Floors Franchised Business, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including, but not limited

to, its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor shall also have the right to discontinue the operation of the Website.

2. Franchisee shall not establish a separate Website or Social Media account or page without Franchisor's prior written approval.

3. Franchisor shall have the right, but not the obligation, to designate one or more web pages to describe Franchisee, the Franchise, or the Franchised Business, with such web pages to be located within Franchisor's Web site. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance, and content of any such web pages, and Franchisor shall have the right to limit and discontinue the content and operation of such a Website and web pages.

4. Franchisor shall have the right to modify the provisions of this Section relating to Web sites as Franchisor shall solely determine if it is necessary or appropriate for the best interests of the System.

#### **G. Approval of Advertising.**

All advertising by Franchisee in any medium shall be conducted in a dignified manner, shall be completely accurate and truthful, shall conform to all applicable laws and regulations relating to consumer advertising and to such standards and requirements as Franchisor may specify from time to time in writing, and shall give notice that the Franchised Business is independently owned and operated. Franchisee shall submit to Franchisor, for Franchisor's prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials (including, but not limited to, signs and vehicles), and all other materials displaying the Marks that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Unless Franchisee receives a written objection thereto from Franchisor within fifteen (15) days after the date Franchisor received such plans and materials, Franchisor shall be deemed to have not given the required approval. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business.

#### **H. Copyright to Advertising.**

Franchisee acknowledges and agrees that any and all copyrights in and for advertising and promotional materials developed by or on behalf of Franchisee which bear the Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other franchisees of Franchisor without any compensation to Franchisee.

#### **I. Regional Advertising.**

Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts

Franchisor requires, in addition to required local advertising expenditures and Brand Development Fund Contributions.

#### **J. Local Digital Advertising**

Franchisee shall conduct advertising, promotion, and public relations within the local area to be serviced by the Franchised Business (“Local Advertising”). Franchisee is required to spend at least two thousand five hundred dollars (\$2,500) per month for the first vehicle and trailer rig operated by the Franchised Business, plus an additional one thousand dollars (\$1,000) per month for each additional vehicle and trailer rig operated by the Franchised Business, for Local Advertising to generate public interest and awareness of the Franchised Business and to adequately penetrate the market for Franchisee’s products and services within Franchisee’s trading area, including SEO costs, digital advertisements, social media marketing, Google My Business and other digital channels. Upon request, Franchisee shall submit proof of local advertising spend to franchisor by the 5<sup>th</sup> day following the end of each fiscal quarter. Franchisor reserves the right to require Franchisee to direct some or all of its Local Advertising expenditure to marketing vendor(s) Franchisor designates (which may be Franchisor or its affiliates) who will implement Local Advertising on Franchisee’s behalf.

#### **K. Grand Opening Advertising**

Franchisee acknowledges and agrees that Franchisee is required to spend at least twenty thousand dollars (\$20,000) on grand opening advertising before opening the Franchised Business and/or during the first three months of operation. Franchisee may choose to spend more. Factors that may affect Franchisee’s decision on the actual amount to spend include local media cost, the location of the Franchised Business, and customer demographics in the surrounding area. Franchisor reserves the right to require Franchisee to direct some or all of your grand opening advertising expenditure to marketing vendor(s) Franchisor designates (which may be Franchisor or its affiliates) who will implement grand opening campaign activities on Franchisee’s behalf. Franchisee’s Local Digital Advertising for the first three months of operation shall be included in the grand opening advertising spend.

### **XV. TRANSFERABILITY OF INTEREST**

#### **A. Transfer by Franchisor.**

Franchisor shall have the right to transfer or assign all or any part of its rights and/or obligations herein to any person or legal entity, including a sub-franchisor specifically responsible for assisting Franchisee. Franchisee agrees to execute any forms that Franchisor may reasonably request to effectuate any transfer or assignment by Franchisor.

#### **B. Transfer by Franchisee.**

Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and, if Franchisee is other than an individual, Franchisee’s Principals, and that Franchisor has entered into this Agreement in reliance upon the business skills and financial capacity of Franchisee and if Franchisee is other than an individual, Franchisee’s Principals. Accordingly, neither Franchisee, nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee’s interest in the Franchise, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest therein or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without the opportunity to cure. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this Franchise; provided, however, that prior to the transfer, Franchisor may, in

its sole discretion, require that:

1. All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations related to the Franchised Business shall have been satisfied.
2. The transferor's right to receive compensation pursuant to any agreement for the purchase of any interest in Franchisee or in the Franchised Business shall be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from the transferor or Franchisee pursuant to this Agreement, whether arising before or after the transfer.
3. Unless prohibited by the laws of the state in which Franchisee is located, Franchisee and, if Franchisee is other than an individual, Franchisee's Principals shall have executed a general release in a form satisfactory to Franchisor, effective as of the date of transfer, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents, and employees, in their corporate and individual capacities, including, without limitation, claims to arise under federal, state and local laws, rules and ordinances.
4. The transferee franchisee shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement prior to and after the date of the assumption.
5. The transferee franchisee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to operate the Franchised Business.
6. The transferee franchisee shall execute Franchisor's then-current form of the franchise agreement and such other ancillary agreements as Franchisor may require for a term ending on the expiration date of this Agreement and with such renewal term(s) as provided in the then-current Franchise Agreement.
7. At the transferee franchisee's expense, and upon such other terms and conditions as Franchisor may reasonably require, the transferee Franchisee, its Designated Manager, and other persons that are normal and customary required to attend training must satisfactorily complete Franchisor's training requirements then in effect for franchisees.
8. Any right of Franchisee to any payments from the transferee franchise resulting from the transfer shall be subordinate to any claim or right of Franchisor against the transferee franchisee subsequent to the effective date of the transfer, and Franchisee and the transferee Franchisee shall execute any and all instruments reasonably required by Franchisor to evidence such liability.
9. Transferee franchisee shall pay Franchisor a transfer fee of Ten Thousand Dollars (\$10,000). No transfer fee will be required in the case of a transfer of Franchisee's interest under this Agreement to an entity formed solely for the convenience of ownership in accordance with the provisions of this Agreement.
10. Notwithstanding the provisions of Subsection above, neither Franchisee nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchised Business, shall pledge, mortgage, grant a security interest, or otherwise encumber any interest in this Agreement, in the franchise granted hereunder, or in Franchisee (whether or not in connection with an

absolute transfer of an interest in the Franchised Business). Franchisor shall not be obliged to consent to any such transfer.

**C. Transfer to Controlled Entity.**

In the event that Franchisee proposes to transfer all of its interest in the Franchised Business to an entity formed solely for the convenience of ownership, Franchisor's consent to such transfer may, in its sole discretion, be conditioned on the following requirements:

1. Franchisee shall own a controlling interest in the transferee entity;
2. The transferee entity shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;
3. Franchisee, prior to the transfer, shall have provided Franchisor with written information as to each Principal of the transferee entity, and the interest of each, and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;
4. The transferee entity shall designate a Designated Manager in compliance with this Agreement;
5. All Principals of the transferee entity shall enter into an agreement, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor;
6. Each ownership certificate of the transferee entity, if any, shall have conspicuously endorsed upon its face the following legend:  
  

*"The transfer, sale or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Steel Coated Floors International, LLC dated \_\_\_\_\_."*
7. Copies of the transferee entity's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and
8. The transferee entity's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

**D. Franchisor's Right of First Refusal.**

If Franchisee or its Principals shall at any time decide to sell, transfer or assign any right or interest under this Agreement and/or the franchise granted pursuant hereto, Franchisee or its Principals shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy thereof to Franchisor. For a period of thirty (30) days after the date of delivery of such offer to Franchisor, Franchisor shall have the right, exercisable by written notice to Franchisee or any of its officers, to purchase such rights or interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by Franchisor must be completed within ninety (90) days after Franchisee's receipt of Franchisor's written notice of its intent to purchase. If Franchisor does not exercise its right of first refusal,

Franchisee or its Principals may complete the sale of such interest to the bona fide purchaser, subject to Franchisor's approval of the purchaser as provided herein; provided, however, that if the sale to such purchaser is not completed within one hundred twenty (120) days after the delivery of the offer to Franchisor, Franchisor shall again have the right of the first refusal herein provided.

**E. The Right of Franchisee's Heirs upon Death or Disability of Franchisee.**

A transfer to the heirs, surviving spouse, or personal or other legal representatives of Franchisee (collectively, Involuntary Transferees) upon the death or legal disability of Franchisee shall not be subject to Franchisor's right of first refusal above or right to terminate for failure to obtain written approval for Transfer as provided herein, so long as the Involuntary Transferees (i) satisfy Franchisor that they are qualified to act as a franchisee, and (ii) perform all other applicable acts required of a Transferee and Transferor as prescribed this Agreement. Such transfer shall be made within one hundred eighty (180) days after the death or disability of Franchisee, or Franchisor, at its option, may terminate this Agreement, whereupon all rights granted to Franchisee hereunder shall revert to Franchisor. Any subsequent sale or other transfer by any Involuntary Transferee shall be subject to Franchisor's right of written approval set forth in this Section in this Agreement and to Franchisor's right of first refusal set forth above. Transfer to Involuntary Transferees shall not require the payment of the transfer fee required by this Agreement. Actual legal costs incurred by Franchisor to approve and affect the transfer will be charged, however.

**XVI. TERMINATION**

**A. Automatic Termination.**

This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. Franchisee or any of its Principals is declared bankrupt or insolvent, is the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code (this provision may not be enforceable under federal bankruptcy law).
2. A receiver is appointed for Franchisee or for any part of its property, or Franchisee makes any assignment for the benefit of its creditors, if not dismissed within fifteen (15) days.

**B. Termination upon Notice.**

We have the right to terminate this Agreement upon notice and without providing you with an opportunity to cure for any of the following breaches or defaults:

1. If Franchisee or any of its principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of the Franchised Business.
2. Franchisee fails to timely (i) locate and secure a Site as so required by this Agreement, or (ii) open Franchisee fails to satisfy all of the training obligations herein.
3. Franchisee fails to pay when due any sum required to be paid by Franchisee under this Agreement or any other agreement or instrument between Franchisor and fails to cure any such default within (15) days after its receipt of a written notice of default from Franchisor.
4. Franchisee is late for more than ten (10) days on any payment due and owing to a Steel Coated Floors approved or designated vendor or supplier.

5. Franchisee fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, Royalty Fees or other fees and payments when due to Franchisor or any Affiliate of Franchisor, or commits three (3) defaults or more under this agreement or any other agreement with Franchisor or any Affiliate of Franchisor, whether or not such defaults or such failure to pay or submit information is corrected after notice thereof is delivered to Franchisee.

6. Franchisee (or an affiliate of Franchisee) defaults under any other agreement between Franchisor (or an affiliate of Franchisor) such that Franchisor or its Affiliate as the case may be, has the right to terminate the said agreement or said agreement automatically terminates.

7. After thirty (30) days' notice, Franchise fails to meet the Trailer Rig Development Schedule for six (6) consecutive months.

8. Franchisee fails to operate the Franchised Business in full compliance with the terms of this Agreement, the Operating Manual, or the System Standards.

9. Franchisee fails to operate the Franchised Business for more than two (2) consecutive days that the Franchised Business is required or is customarily open in the ordinary course of business or otherwise abandons the Franchised Business.

10. Franchisee provides, offers, or sells products or services other than those who are Permitted Products and Services and/or Franchisee fails to provide, offer, or sell anyone, some, or all of the Permitted Products and Services.

11. Franchisee provides offers or sells any Permitted Products and Services at or from a location that is within the franchise territory of another Steel Coated Floors franchise (except as expressly stated this Agreement, the Operating Manual, or any other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by Franchisor under franchise agreements with other franchisees of Franchisor.

12. Franchisee fails to achieve or exceed System Standards in two (2) inspections in any twenty-four (24) month period.

13. Franchisee loses the right to possession of the Site upon which the Franchised Business is located, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located unless such default results from circumstances beyond the control of Franchisee and does not arise from any action taken or failure to act by Franchisee or Franchisee's failure to cure or correct the circumstances that led to such default (provided, however, that if through no fault of Franchisee, the Site is damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, or if the Site is acquired pursuant to a government taking of property, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate the Franchised Business or reconstruct the Franchised Business, which approval shall not be unreasonably withheld).

14. Franchisee fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business.

15. Franchisee makes any transfer or attempted transfer that fails to comply with this Agreement.

16. The Franchised Business is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lienholder, or lessor; a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy.

17. Franchisee or any Principal violates the restrictive covenants of the confidentiality, solicitation, competition as set forth in this agreement or otherwise directly or indirectly uses or discloses Confidentiality Information to or for the benefit of it, his/her, or benefit of another or publishes causes to be published Confidential Information without the expressed written consent of Franchisor.

18. Any conduct or activity by Franchisee or any Principal, director, or officer of Franchisee that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, Franchisor, the System, the Marks, or the goodwill associated therewith, including, but not limited to, any criminal misconduct for which Franchisee or any Principal, director, or officer of Franchisee is convicted.

19. Franchisee knowingly maintains false books or records, or knowingly submits any false reports (including, but not limited to, the information provided as part of Franchisee's application for this franchise) to Franchisor, or understates its Gross Revenues reported to Franchisor by more than five percent (5%) and any given one hundred and eighty (180) day period.

20. Unless otherwise caused due to vendor delays or issues, if Franchisee fails to maintain sufficient levels of inventory to meet consumer demand.

21. Any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business, and Franchisee has not immediately commenced actions to cure the problem or has not promptly cured or corrected the problem or activity that gave rise to the threat or danger.

22. Franchisee fails to perform or breaches any other provision of this Agreement or of any other agreement or instrument between Franchisor and Franchisee and fails to cure any such breach within thirty (30) days from notice of the breach.

### **C. Liability for Default.**

If Franchisee fails to cure any default within the applicable time period set forth in this Section, Franchisee shall pay all damages, costs, and expenses incurred by Franchisor as a result of any such default, including, but not limited to, reasonable attorney and accounting fees. This provision shall apply regardless of whether or not Franchisor exercises its right to terminate this Agreement or initiate legal proceeding against Franchisee.

### **D. Franchisor's Step-In Rights.**

The parties herein want to prevent any operation or interruption of the Franchised Business that would cause harm to the Franchised Business and to the System and lessen their value. Therefore, Franchisee authorizes Franchisor to step in to operate the Franchised Business for as long as Franchisor believes necessary and practical in Franchisor's exclusive judgment. Franchisor may do so without waiving any other rights or remedies that Franchisor may have.

Cause for stepping-in may include Franchisor's determination that: Franchisee is incapable of operating the Franchised Business; Franchisee is absent or incapacitated because of illness or death; Franchisee has failed

to pay when due any real property, equipment rent or lease payments, suppliers, or inventory payments; Franchisee has failed to pay to Franchisor when due any franchise, royalty, advertising, or other fees; Franchisee has failed to pay when due any taxes or assessments against the Franchised Business or property used in the Franchised Business; Franchisee has failed to pay when due any liens or encumbrances placed upon or against Franchised Business property; Franchised Business activities are having a negative impact on the value of System or Franchisor decides that significant operational problems require Franchisor to operate the Franchised Business for a time.

All Revenue from Franchisor's operation of the Franchised Business will be for Franchisee's exclusive account. Franchisor will pay from that Revenue all expenses, debts, and liabilities Franchisor incur during Franchisor's operation of the Franchised Business. This will include Franchisor's personnel and administrative and travel costs, plus fifteen percent (15%) of that Gross Revenue to cover Franchisor overhead expenses. In addition, Franchisor will have the option, but not the obligation, to pay for Franchisee any claims owed by Franchisee to any creditor or employee of the Franchised Business. Franchisee will reimburse Franchisor upon demand, including at the rate set forth above for overdue amounts.

Our exercise of these Step-In Rights, Franchisee agrees to hold Franchisor harmless for all acts, omissions, damages, or liabilities arising during Franchisor's operation of the Franchised Business. Our operation of the Franchised Business will not operate as an assignment to Franchisor of any lease or sublease of Franchised Business property. Franchisor will have no responsibility for payment of any rent or other charges owing on any lease for Franchisee property, except as the charges relate to the period of Franchisor's operation of the Franchised Business. You agree to pay Franchisor's legal and accounting fees and costs Franchisor incurs because of Franchisor's exercise of these Step-In Rights.

## **XVII. OBLIGATIONS UPON TERMINATION**

Upon the termination or expiration of this Agreement, for any reason, Franchisee shall forthwith:

1. Cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.
2. Immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures, or techniques associated with the System or that display the Marks, or any other distinctive forms, slogans, signs, symbols, or devices associated with or belonging to Franchisor.
3. Make such modifications or alterations to the Site of the Franchised Business, including the improvements thereon, as may be necessary or requested by Franchisor (including, but not limited to, changing the telephone number) to prevent the operation of any business on the Site upon which the Franchised Business is located that might be deemed substantially similar to that of the Franchised Business or any other franchisee of Franchisor. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor shall have the right to enter the Site, without being guilty of trespass or any other tort or crime, for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee.
4. Turnover to Franchisor the Operating Manual, records, customer and other files, instructions, correspondence, and software provided and/or licensed by Franchisor, including, without limitation, brochures, agreements, disclosure statements, and any materials relating to the business operated

hereunder, which may be in Franchisee's possession, together with all copies thereof (all of which Franchisee acknowledges to be Franchisor's sole property).

5. At the option of Franchisor, assign to Franchisor or Franchisor's designee all of Franchisee's rights, title and interest in and to any and all (i) telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages and other business listings, and (ii) Web Sites, web pages, listings, banners, URLs, advertisements, or any other services and links related to the Franchised Business or the use of Franchisor's trademarks, service marks or other logos, on or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines or other similar services.

6. At the option of Franchisor (to be exercised within thirty (30) days after termination), sell to Franchisor any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's depreciated book value.

7. Take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark Steel Coated Floors or any of the other Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement.

8. Immediately pay all sums due and owing to Franchisor, including, but not limited to, any unpaid Royalty Fees and other fees and monies.

9. Obtain and maintain in effect all coverage for the professional liability or errors and omissions insurance and general liability insurance by this Agreement, to extend the period in which claims may be made for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located.

10. Franchisee does hereby irrevocably constitute and appoint Franchisor as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee's obligations under this Section. Franchisee agrees to promptly execute, acknowledge, and deliver to Franchisor any and all such documents as may be required to carry out Franchisee's obligations hereunder. The provisions of this Section shall survive the expiration, termination, or cancellation of this Agreement.

## **XVIII. COVENANTS OF FRANCHISEE**

### **A. Management of Franchise.**

Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, the Franchised Business shall at all times be under the direct supervision of Franchisee or the Designated Manager who shall devote his/her full time, energy, and best efforts to the management and operation of the Franchised Business.

### **B. Covenants during Term of Franchise Agreement.**

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the design, development, and operation of the Franchised Business, procedures and techniques of the Steel Coated Floors Method, and sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself or through, on behalf of,

or in conjunction with, any person, persons, partnership, or corporation:

1. Solicit, divert or attempt to divert any current or former business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

2. own, maintain, engage in, or have any interest in any business offering epoxy floor coverings, or any other products or services that are offered in the Franchised Business ("Competitive Business"), unless otherwise consented to in writing by Franchisor.

Franchisee further acknowledges that participation in a Competitive Business by a spouse or immediate family member of Franchisee, any shareholder, member or equity owner, general partner, director, officer, manager, or other key employee of Franchisee that is an employee, independent contractor, volunteer or has other involvement in the day to day operation of the Franchised Business, shall be a violation of the terms of this Agreement for which Franchisor shall have the right to immediately terminate this Agreement pursuant to Section 16.

#### **C. Covenants after Termination of Franchise Agreement.**

Franchisee further covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, directly or indirectly, for itself or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

1. for a continuous and uninterrupted period commencing upon the expiration, termination or transfer of this Agreement (regardless of the cause) and continuing for two (2) years thereafter, solicit, divert or attempt to divert any current or former business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

2. for a continuous and uninterrupted period commencing upon the expiration, termination or transfer of this Agreement (regardless of the cause) and continuing for two (2) years thereafter, own, maintain, operate, engage in, or have any interest in any Competitive Business, or any other services that had been offered by the Franchised Business (i) at the Site; (ii) within the Territory; or (iii) within a twenty five (25) mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement

3. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly solicit or perform services for any person who was a client of the Franchised Business at any time during the term of this Agreement.

4. Enter into any business competing in whole or in part with Franchisor in granting franchises or licenses for businesses that offer offering epoxy floor coverings, or any other products or

services that are offered in the Franchised Business at the time this Agreement is terminated or otherwise not renewed;

5. Franchisee and Franchisor agree that the covenants contained in this Section shall survive the expiration, termination, or cancellation of this Agreement.

**D. Franchisee's Employees' Covenants Not to Compete.**

Franchisee shall obtain from each of its employees within five (5) days after the date of this Agreement, or the date of employment of each employee, whichever is later, covenants and agreements not to compete, in a form provided or approved by Franchisor. Franchisee shall, with Franchisor's consultation and prior approval, revise the form of such covenants and agreements as may be necessary to be able to enforce the requirements of this Section 16 in the jurisdiction(s) of the Territory. Such covenants and agreements shall be for the benefit of and enforceable by Franchisor against the employee. In the event that Franchisee becomes aware of any actual or threatened violation of any such covenants and agreements by any of its employees, Franchisee shall promptly and fully advise Franchisor in writing of all related facts known to Franchisee.

**E. Exclusion for Publicly Traded Company.**

This Section shall not apply to the beneficial ownership by Franchisee of less than one percent (1%) of the outstanding equity securities of any corporation that is registered under the Securities and Exchange Act of 1934.

**F. Independent Covenants; Severability.**

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

**G. Reduction of Covenants by Franchisor.**

Franchisee understands and acknowledges that Franchisor 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 Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions hereof.

**H. Claims Against Franchisor No Defense.**

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

**I. Injunctive Relief.**

Franchisee acknowledges that its violation of the terms of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Franchisee accordingly consents to

the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section.

#### **J. Execution of Covenants by Key Personnel.**

At the request of Franchisor, Franchisee shall provide Franchisor with executed Restrictive Covenant Agreements, containing covenants similar in substance to those set forth in this Section (including covenants applicable upon the termination of a person's relationship with Franchisee), from each manager, officer, director, and Principal of Franchisee. With respect to each person who becomes associated with Franchisee in one of the capacities enumerated above subsequent to the execution of this Agreement, Franchisee shall require and obtain such covenants from them and promptly provide Franchisor with executed copies thereof. In no event shall any person enumerated above be granted access to any confidential aspect of the System or the Franchised Business prior to their execution of such a covenant. All covenants required by this Section shall be in a form satisfactory to Franchisor, including, without limitation, the specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. The failure by Franchisee to obtain the execution of the covenants required by this Section and provide the same to Franchisor shall constitute a material breach of this Agreement.

### **XIX. DISPUTE RESOLUTION**

#### **A. Injunctive Relief.**

Nothing contained in this Agreement will prevent Franchisor from applying to and obtaining from any court having jurisdiction a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests, without bond, in accordance with the rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

#### **B. Internal Dispute Resolution.**

Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Article XXII.F below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

#### **C. Mediation.**

At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Article XIX.C above, must be submitted first to mediation, in Wilmington, Delaware under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its

option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share the mediator's costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

1. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating);

- a. Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;
- b. Any claims pertaining to or arising out of any warranty issue;
- c. Any of the restrictive covenants contained in this Agreement;
- d. Any of Franchisee's payment obligations that are more than forty-five (45) days past due;  
or
- e. Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.

#### **D. Arbitration.**

If not resolved by mediation and except as qualified below, any dispute between Franchisee and Franchisor or their respective affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the Franchised Business must be submitted to binding arbitration in Wilmington, Delaware under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any proceedings involving their parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The Federal Arbitration Act, as amended, will govern the rights and duties of the parties to this Agreement to resolve any disputes by arbitration. The following will supplement and, in the event of a conflict, govern any arbitration: The matter will be heard before a single arbitrator from the AAA list of arbitrators. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Each party must bear its own costs of arbitration; provided, however, that the neutral or the single arbitrator's fee will be shared equally by the parties. The arbitrator's award must be rendered within seven (7) days of the close of the hearing and will include all fees, costs, and attorneys' fees for Franchisor if Franchisor is the prevailing party. The arbitrator will have no authority to determine class action claims and will have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact

or law may be given preclusive or collateral estoppel effect in any arbitration, except to the extent such issue may have been determined in another proceeding between the parties.

Judgment may be subsequently entered in any court having competent jurisdiction. The decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages, or (3) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business. This agreement to arbitrate will survive any termination or expiration of this Agreement.

**E. Exceptions to Arbitration.** The parties agree that the following claims will not be subject to arbitration: any controversy, dispute, or claim that concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; Any claims pertaining to or arising out of any warranty issue; Any of the restrictive covenants contained in this Agreement; Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.

**F. Selection of Venue.** Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in New Castle County, Delaware and the jurisdiction and venue of the United States District Court for the District of Delaware. Franchisee acknowledges that this Agreement has been entered into in the State of Delaware. Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Delaware as set forth in this Section. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between Franchisor, its guarantors, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.

**G. Choice of Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Delaware (without reference to its conflict of laws principles).

**H. Cumulative Rights and Remedies.** 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 in addition to every other right or remedy. Nothing herein contained shall bar Franchisor's right to seek injunctive relief against threatened conduct that shall cause it loss or damages, including obtaining restraining orders, preliminary and permanent injunctions.

Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming

and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.

**I. Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, members, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Article each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

**J. Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

**K. No Right to Offset.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

**L. Limitations of Claims.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

**M. Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any indirect, special, consequential, incidental, punitive, exemplary, or treble damages, and other forms of multiple damages, against Franchisor or its affiliates, including without limitation, any economic loss, property damage, physical injury, or lost profits arising out of this Agreement, Franchisee's use of the Marks or other elements of the System, regardless of whether arising under breach of contract, warranty, tort, strict liability or any other legal or equitable theory or claim, even if such loss or damage could have been reasonably foreseen. Further, Franchisee agrees that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between the Parties, Franchisee will be limited to the recovery of any actual damages sustained by Franchisee. **THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.**

## **XX. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

A. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee must not act or represent itself as our agent, partner, employee, or joint venture partner, directly or by implication. Franchisee must not incur any obligation on Franchisor's behalf or in Franchisor's name. All of Franchisee's stationery, business cards and contractual agreements entered must contain Franchisee's corporate name and designate that Franchisee operates the Franchised Business as an independently owned and operated franchised business. 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 and Franchisor will not, in any event, assume liability for, or be deemed liable hereunder as a result of, any such

action, nor will Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor, nor vice versa. Franchisee further acknowledge that Franchisor has no responsibility to ensure that the Franchised Business is developed and operated in compliance with all applicable laws, ordinances, and regulations, and that Franchisor shall have no liability in the event the development or operation of the Franchised Business violates any law, ordinance or regulation.

B. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of the Franchised Business, including the use, condition, or construction, equipping, maintenance or operation of the Franchised Business and Franchisee's advertising, and the sale and installation of all Permitted Products and Services by Franchisee, its employees or subcontractors and all warranty claims; (ii) the unauthorized use of the Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **XXI. MISCELLANEOUS**

### **A. Nature of Agreement.**

This Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures which are included in the Franchisor's now current Franchise Disclosure Document. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. This Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

### **B. Benefit.**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement shall not be assigned by Franchisee without

the prior written consent of Franchisor.

### C. Construction.

The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children, and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members, and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

### D. Headings.

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provision of this Agreement.

### E. Notices.

All payments shall be made to, and all notices, requests, demands and other communications hereunder shall be deemed to have been duly received by, the person to whom addressed when personally delivered or forty-eight (48) hours after deposit in the United States mail, postage prepaid, via express overnight courier such as FedEx or UPS; addressed:

in the case of Franchisor:

**Steel Coated Floors International, LLC**  
**19500 Victor Parkway, Livonia, MI 48152**

or to such other persons or address as Franchisor may from time to time furnish to Franchisee;

in the case of Franchisee: \_\_\_\_\_ at the address is:

\_\_\_\_\_  
\_\_\_\_\_

### F. Severability.

In the event that any provision of this Agreement, in whole or in part (or the application of any provision to a specific situation), shall be held, by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any federal, state or local law, regulation or ordinance applicable to this Agreement, such invalidity shall be limited to such specific provision or portion thereof (or to such situation), and this Agreement shall be construed and applied in such manner as to minimize such invalidity. All other provisions of this Agreement shall otherwise remain in full force and effect.

#### **G. Attorneys' Fees.**

If Franchisee is in breach of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or its affiliates, and Franchisor engages an attorney to enforce its rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all of Franchisor's reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover its reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

#### **H. Survival of Covenants.**

All provisions of this Agreement which, by their terms, are intended to survive the termination or expiration of this Agreement (such as, by way of illustration and not limitation, the provisions relating to confidential information, indemnification, post-termination competition, and the Marks), and all provisions hereof necessary to enforce and interpret such provisions (such as, by way of illustration and not limitation, the provisions relating to dispute resolution and injunctive relief), shall survive the termination, expiration or cancellation of this Agreement or the franchise granted hereunder.

#### **I. Counterparts.**

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

#### **J. Consent to Do Business Electronically.**

The parties hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Delaware, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

#### **K. Acknowledgment of Franchisee.**

Franchisee acknowledges receipt of Franchisor's Franchise Disclosure Document for Prospective Franchisees and exhibits thereto (including a list of Franchisees, Franchisor's financial statements, and a copy of this Agreement) at least fourteen (14) calendar days prior to the execution of this Agreement.

Franchisee acknowledges and agrees that Franchisor's sales staff are not authorized to bind Franchisor in any way.

FRANCHISEE ACKNOWLEDGES THAT THERE HAVE BEEN NO REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PROFORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY FRANCHISOR OR ITS AGENTS, SALES STAFF, DIRECTORS, OFFICERS, OR EMPLOYEES, OR ANY OTHER SALES STAFF OR OTHER PERSON OR ENTITY REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS REVENUES, COSTS OR EXPENSES OF FRANCHISOR'S FRANCHISES GENERALLY OR OF ANY SPECIFIC STEEL COATED FLOORS FRANCHISEE, NOR HAS FRANCHISEE RELIED UPON ANY

REPRESENTATIONS, WARRANTIES, INDUCEMENTS, PROFORMAS, FORECASTS, ESTIMATES OR ANY OTHER INDUCEMENT OR STATEMENT MADE BY FRANCHISOR OR ITS AGENTS, DIRECTORS, OFFICERS, EMPLOYEES OR SALES STAFF OR OTHER ASSOCIATES REGARDING FINANCING, NET PROFITS, GROSS PROFITS, NET SALES, GROSS SALES, COSTS OR EXPENSES OF FRANCHISOR'S FRANCHISES GENERALLY OR OF ANY SPECIFIC STEEL COATED FLOORS FRANCHISEE OR WITH RESPECT TO ANY OTHER MATERIAL FACT RELATING TO THE DEVELOPMENT OF FRANCHISOR'S FRANCHISES IN THE AREA WHEREIN FRANCHISEE INTENDS TO LOCATE ITS STEEL COATED FLOORS FRANCHISED BUSINESS OR ANY OTHER MATTER PERTAINING TO FRANCHISOR.

THERE IS NO OTHER AGREEMENT, REPRESENTATION, OR WARRANTY MADE BY FRANCHISOR OR ANY OTHER ENTITY OR PERSON ASSOCIATED WITH FRANCHISOR OTHER THAN CONTAINED IN THIS AGREEMENT OR FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement or caused this Agreement to be executed by their duly authorized agents, as of the date first written above.

**FRANCHISOR: STEEL COATED  
FLOORS INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INDIVIDUAL  
FRANCHISEE:**

**INDIVIDUAL  
FRANCHISEE:**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
**Print  
Name**

\_\_\_\_\_  
**Print  
Name**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT 1. TO THE STEEL COATED FLOORS FRANCHISE AGREEMENT

SITE AND TERRITORY

TO THE STEEL COATED FLOORS FRANCHISE AGREEMENT

1. The Site for the Franchised Business shall be:
2. The Territory referenced in the Franchise Agreement shall consist of the following:

**Trailer Rig Development Schedule (Section I(B)).** Franchisee agrees to establish and operate a total of \_\_\_\_\_ Steel Coated Floors Franchised Businesses trailer rigs each with a double proportioner within the Territory in accordance with the timetable set forth below.

| The Cumulative Minimum<br>Number of Steel Coated Floors<br>Trailer Rigs with Double<br>Proportioners to be operated<br>in the Territory | Deadline from the Effective Date |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
|                                                                                                                                         |                                  |
|                                                                                                                                         |                                  |
|                                                                                                                                         |                                  |
|                                                                                                                                         |                                  |

Franchisor and Franchisee further agree that this Exhibit shall be attached to, incorporated in, and made a part of said Franchise Agreement between Franchisor and Franchisee.

[SIGNATURE PAGE TO FOLLOW.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed by their duly authorized agents, as of the date first written above.

**FRANCHISOR: STEEL COATED  
FLOORS INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

**Title:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**INDIVIDUAL  
FRANCHISEE:**

**INDIVIDUAL  
FRANCHISEE:**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
**Print  
Name**

\_\_\_\_\_  
**Print  
Name**

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**EXHIBIT 2 TO THE STEEL COATED FLOORS FRANCHISE AGREEMENT**

**PERSONAL GUARANTY**

## PERSONAL GUARANTY

IN CONSIDERATION for, and as an inducement for Steel Coated Floors International, LLC (**Franchisor**) to enter into a Steel Coated Floors franchise agreement and any powers of attorney and other instruments dated concurrently herewith (collectively the **Franchise Documents**) between Franchisor and the business entity identified below (**Franchisee**), the undersigned (**Guarantors**) hereby jointly and severally guarantee to Franchisor, and to Franchisor's successors and assigns: (a) the timely payment of all Royalty Fees, late fees, interest charges, and all other fees and charges provided for under the Franchise Agreement; and (b) the timely performance of all of the provisions of the Franchise Documents for and during the term thereof (including all renewals thereof, if any). Guarantors further specifically agree to be individually bound by all covenants, obligations, and commitments of Franchisee contained in each of the Franchise Documents to the same extent as if each of the Guarantors had individually executed the same as Franchisee.

Guarantors understand and agree that any modification of the Franchise Documents, including any addendum thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Documents, including any addendum thereto, shall not in any way release Guarantors from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected or diminished. Notice to Guarantors of any such modification, waiver, extension, or forbearance under the terms thereof is hereby waived.

Guarantors hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Documents, in whole or in part, that Franchisor or its assignees may make. Guarantors agree to pay all costs, including reasonable attorneys' fees, incurred by Franchisor to collect or otherwise enforce the terms of this Guaranty. This Guaranty shall be construed and enforced in accordance with the laws of the State of Delaware. Jurisdiction and venue in any action to enforce this Guaranty shall be in any state or federal court within the State of Delaware in the judicial district where Franchisor has its principal place of business. Guarantors consent to the exercise of personal jurisdiction by any such court and waive any defense of lack of personal jurisdiction or improper venue.

GUARANTOR: \_\_\_\_\_  
\_\_\_\_\_, Individually

GUARANTOR: \_\_\_\_\_  
\_\_\_\_\_, Individually

FRANCHISEE: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

**EXHIBIT 3 TO THE STEEL COATED FLOORS FRANCHISE AGREEMENT  
RESTRICTIVE COVENANT AGREEMENT**

## RESTRICTIVE COVENANT AGREEMENT

THIS AGREEMENT, by and between, \_\_\_\_\_  
(**Franchisee**), a [corporation] [partnership] [limited liability company] organized under the laws of the State of \_\_\_\_\_, and \_\_\_\_\_ (**Covenantor**), an individual resident of the State of \_\_\_\_\_,

WITNESSETH:

WHEREAS, pursuant to that certain Franchise Agreement dated \_\_\_\_\_ (the **Franchise Agreement**), Steel Coated Floors International, LLC (**Franchisor**) granted Franchisee a franchise to operate a Steel Coated Floors Franchised Business (the **Franchise**), using Franchisor's unique franchise system and Franchisor's trade name and service mark Steel Coated Floors and other proprietary marks; and

WHEREAS, Covenantor is the owner (or spouse of the owner) of the Franchisee.

WHEREAS, Franchisor has expended substantial amounts of time and money in developing the Marks (as hereinafter defined) and Franchisor's distinctive franchise system, including, without limitation, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, and procedures for the efficient operation of a Steel Coated Floors Franchised Business, all of which Covenantor acknowledges to be confidential and proprietary information; and

WHEREAS, in connection with the operation of the Franchise, Covenantor will have access to such confidential and proprietary information; and

WHEREAS, as a condition precedent to granting the Franchise to Franchisee, all shareholders, officers, partners, or members of Franchisee must execute the covenants contained herein;

NOW, THEREFORE, as additional consideration and inducement for granting the Franchise to Franchisee, Covenantor hereby agrees and covenants to Franchisee as follows:

1. **Confidentiality.** Covenantor acknowledges the proprietary and confidential nature of Franchisor's Operating Manual, which Franchisee has received on loan from Franchisor, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, client or referral lists, procedures for the efficient operation of a Steel Coated Floors Franchised Business, and any other methods, procedures, processes, techniques, information, knowledge, or know-how concerning Franchisor's franchise system or Franchisee's Franchise, in particular, that may not be commonly known to the public or to Franchisor's or Franchisee's competitors and that Franchisor or Franchisee has identified or may identify as proprietary and confidential information (**Trade Secrets**). Covenantor shall use such Trade Secrets solely for Franchisee's benefit and shall not, during the term of the Franchise Agreement or at any time thereafter, communicate, divulge, or use any Trade Secrets to or for the benefit of any other person, entity, or organization.

2. **Proprietary Marks.** Covenantor acknowledges Franchisor's right, title, and interest in and to the service mark Steel Coated Floors, Franchisor's stylized design, and certain other proprietary service marks, logos, symbols, and trade names presently used by Franchisor or that Franchisor may hereafter use or provide for use by Franchisee, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in Franchisor's franchise system (the Marks). Covenantor further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks. Covenantor expressly

covenants that he/she shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof during the term of the Franchise Agreement or after the expiration or termination thereof.

3. **Non-solicitation.** Covenantor covenants that he/she shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for the periods indicated below, either directly or indirectly, for him/herself or through, on behalf of, or in conjunction with, any person, entity or organization for a period of two (2) years, divert or attempt to divert any business or client of Franchisee's business, or of any other Franchisee of Franchisor, to any competitor or to Covenantor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that may be injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system; or

4. **Non-competition.** Covenantor covenants that, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly, for him/herself or through, on behalf of, or in conjunction with any person, entity or organization, own, maintain, operate, engage in, or have any interest in, any business offering epoxy floor coverings or any other products or services that have been offered by the Franchised Business, (i) at the Site; (ii) within the Territory; or (iii) within a twenty five (25) mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement. This restriction shall not apply to the beneficial ownership by Covenantor of less than five percent (5%) of the outstanding equity securities of any corporation whose securities are registered under the Securities and Exchange Act of 1934.

5. **Remedies.** Covenantor acknowledges that his/her violation of any of the covenants contained in this Agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining, an injunction enjoining any conduct by Covenantor prohibited by the terms of this Agreement. This remedy shall be in addition to any and all other remedies that may be available to Franchisor or Franchisee.

6. **Severability.** The parties agree that each of the covenants contained in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant contained herein is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision, Covenantor expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Agreement.

7. **Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

8. **Construction.** The parties agree that this Agreement shall be deemed to have been entered into in and shall be governed by and construed in accordance with the laws of the State of Delaware.

9. **Jurisdiction.** The parties agree that any action based upon this Agreement brought by any party hereto against any other party hereto may be brought within the State of Delaware in the judicial district in which Franchisor has its principal place of business, and hereby consent to the exercise of personal jurisdiction by any such court and waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

10. **Legal Expenses.** In the event a dispute arises under this Agreement, the prevailing party shall be entitled to recover its expenses, including reasonable attorney and accountant fees, in addition to any other relief to which it may be found entitled.

11. **Franchisor Third-Party Beneficiary.** Covenantor and Franchisee acknowledge and intend that the covenants contained in this Agreement shall directly benefit Franchisor, who shall be a third-party beneficiary thereof, entitled to enforce the provisions thereof in Franchisor's own name without Franchisee as a party in any action filed for such purpose, and shall further be entitled to all remedies provided in Section 5 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their duly authorized representative, as of the dates set forth below.

FRANCHISEE:

Date: \_\_\_\_\_

By:

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

Date: \_\_\_\_\_

COVENANTOR

**EXHIBIT 4 TO THE STEEL COATED FLOORS FRANCHISE AGREEMENT  
POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER**

## POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

The undersigned Steel Coated Floors franchisee (**Assignor**) does hereby irrevocably constitute and appoint Steel Coated Floors International, LLC, a Delaware limited liability company (**Assignee**), the true and lawful attorney-in-fact and agent for Assignor and in Assignor's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Assignee, may be necessary or advisable for the sole purpose of assigning to Assignee or Assignee's designee all of Assignor's right, title and interest in and to any and all telephone numbers of Assignor's Steel Coated Floors Franchised Business and all related Yellow Pages, White Pages and other business listings, including but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services for Assignor, hereby granting unto Assignee full power and authority to do and perform any and all acts and things which, in the sole discretion of Assignee, are necessary or advisable to be done as fully to all intents and purposes as Assignor might or could itself do, hereby ratifying and confirming all that Assignee may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Assignor has designated any other person to act as its attorney-in-fact and agent, no person, firm, or corporation dealing with Assignee will be required to ascertain the authority of Assignee, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Assignee. Any person, firm, or corporation dealing with Assignee shall be fully protected in acting and rely on a certificate of Assignee that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Assignor will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Assignor by Assignee will be deemed to include such a certificate on the part of Assignee, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This power of Attorney will terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated evenly herewith by and between Assignee and Assignor. Such termination, however, will not affect the validity of any act or deed that Assignee may have affected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest. It shall be governed by the laws of the State of Delaware and will govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

ASSIGNOR (Franchisee):

*[Name of Franchisee]*

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

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

**EXHIBIT B FRANCHISEE DISCLOSURE QUESTIONNAIRE**

**TO THE STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT**

## FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you are aware, you are preparing to enter into a Franchise Agreement with Steel Coated Floors International, LLC (**Franchisor**) for the operation of a Steel Coated Floors Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

YES \_\_\_\_\_ NO \_\_\_\_\_

2. Have you received and personally reviewed the Disclosure Document we provided to you?

YES \_\_\_\_\_ NO \_\_\_\_\_

3. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor?

YES \_\_\_\_\_ NO \_\_\_\_\_

4. Can you confirm that no employee or other person speaking on our behalf has made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

YES \_\_\_\_\_ NO \_\_\_\_\_

5. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

6. Can you confirm that no employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

YES \_\_\_\_\_ NO \_\_\_\_\_

7. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

YES \_\_\_\_\_ NO \_\_\_\_\_

8. Can you confirm that no employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

9. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

YES \_\_\_\_\_ NO \_\_\_\_\_

10. Can you confirm that no employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

11. If you have answered “No” to any questions, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

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If you have answered “Yes” to all questions, please leave the lines blank.

You understand that your answers are important to us, and we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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

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

Franchise Applicant - Signature

Print Name

Date

**EXHIBIT C RELEASE OF CLAIMS**

**TO THE STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT**

## RELEASE OF CLAIMS

The undersigned Franchisee and Principals, for themselves and for their agents, employees, legal representatives, heirs and assigns, and the successors, heirs and assigns of each of them, hereby release Steel Coated Floors International, LLC, a Delaware Limited Liability Company ("Franchisor"), its shareholders, directors, officers, employees, agents, legal representatives, insurers, successors and assigns (the "Released Parties"), from any and all debts, claims, demands, damages, losses, liabilities, rights, actions, causes of action, expenses, contracts, obligations, promises, judgments, awards and suits of any kind whatsoever ("Claims") that the undersigned may now have against any of the Released Parties arising from any right, duty, or obligation granted or imposed by the Franchise Agreement or by the sale of the franchise granted thereunder, including, by way of illustration and not limitation, any misrepresentations in or omissions from the franchise disclosure document received by Franchisee, any act or omission that may constitute a violation of the Federal Trade Commission rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, 16 CFR 436, or any amendment or successor thereto, and claims or causes of action arising under any state statute.

The undersigned expressly acknowledge and agree that the Claims are intended to and do include any and all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, accrued or contingent, intentional or unintentional, and liquidated or unliquidated, that they may have against any of the Released Parties up to and including the date hereof. The undersigned further acknowledge and agree that they may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the Claims, and they agree that, in such event, this Release shall nevertheless be and remain in full force and effect and be binding in all respects, regardless of such different or additional facts or the discovery thereof.

The undersigned acknowledge and represent that they have consulted independent legal counsel, or knowingly waive the opportunity to be represented by independent legal counsel, in connection with their review and execution of this Release, that they have read and understood the terms of this Release, and that they sign the same willingly and without undue influence or coercion.

Notwithstanding the above, nothing contained herein shall act as a release, estoppel, or waiver of any claim or liability arising under the California Franchise Relations Act, Illinois Franchise Disclosure Act, Indiana Franchise Disclosure Law, Indiana Deceptive Franchise Practices Law, Maryland Franchise Registration, and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota Franchise Investment Law, New York State Franchise Sales Act, Rhode Island Franchise Investment Protection Act, South Dakota Franchise Act, Virginia Retail Franchising Act, Washington Franchise Investment Protection Act, Wisconsin Franchise Investment Law, or Wisconsin Fair Dealership Law.

The Releasing Parties expressly assume the risk of any mistake of fact or law of which they may be unaware of that the true facts may be other than any facts now known or believed to exist by them, and it is their intention to settle forever, adjust and compromise any and all present and future disputes with respect to all matters from the beginning of time to the date of this document, finally and forever, and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Releasing Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands, and causes of action that exist, or might have existed, on the date of this release. The Releasing Parties represent and warrant that they have made such independent investigation of the facts, law, and otherwise pertaining to all matters discussed, referred to, or released in or by this release as the Releasing Parties, in their independent judgment, belief necessary or appropriate. The Releasing Parties have not relied on any statement, promise or representation, whether of fact or law or lack of disclosure of any fact or law, by the Franchisor-Related Persons or anyone else, not expressly set forth herein, in executing this document and the related releases.

The Releasing Parties represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Releasing Parties may have against any or all of the Franchisor-Related Persons, all Claims having been fully and finally extinguished, and the Releasing Parties shall forever indemnify and hold the Franchisor-Related Persons harmless from any liability, claims, demands, damages, losses, costs, expenses or legal fees incurred by any of the Franchisor-Related Persons as a result of any Person asserting any interest in any of the Claims or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer, or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons as a condition precedent to recovery against the Releasing Parties under this indemnity.

The releases granted hereunder will be deemed effective as to each of the Releasing Parties as of the date this document is signed by each of the Releasing Parties. The liabilities and obligations of each of the Releasing Parties (and any other Person providing releases to the Franchisor-Related Persons) will be joint and several.

IN WITNESS WHEREOF, the undersigned have executed this Release as of the date(s) below.

FRANCHISEE:

Date: \_\_\_\_\_

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

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

Date: \_\_\_\_\_

\_\_\_\_\_, individually

Date: \_\_\_\_\_

\_\_\_\_\_, individually

Date: \_\_\_\_\_

\_\_\_\_\_, individually

**EXHIBIT D**

**STATE FRANCHISE REGULATORS AND**

**AGENTS FOR SERVICE OF PROCESS**

**TO THE STEEL COATED FLOORS DISCLOSURE DOCUMENT**

## STATE FRANCHISE REGULATORS

### California

Department of Business Oversight  
One Sansome Street Suite 600  
San Francisco, CA 94104-4428  
1-866-275-2677

### Connecticut

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

### Florida

Dept. of Agriculture and  
Consumer Services  
Division of Consumer Services  
227 N. Burrough Street  
City Centre Building, 7th Floor  
Tallahassee, FL 32301  
(904) 922-2770

### Georgia

Governor's Office of Consumer  
Affairs  
2 Martin Luther King, Jr. Dr. SE  
356 West Tower  
Atlanta, GA 30334-4600  
(404) 651-8600

### Hawaii

Dept. of Commerce & Consumer  
Affairs  
Business Registration Division  
1010 Richards Street  
Honolulu, HI 96813  
(808) 586-2021

### Illinois

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

### Indiana

Indiana Securities Division  
302 West Washington Street

Room E111  
Indianapolis, IN 46204  
(317) 232-6681

### Kentucky

Office of the Attorney General  
Consumer Protection Division  
P.O. Box 2000  
Frankfort, KY 40602-2000  
(502) 573-2200

### Louisiana

Office of the Attorney General  
Consumer Protection Section  
PO Box 94005  
Baton Rouge, LA 70804-9005  
(225) 326-6460

### Maryland

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

### Michigan

Department of Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
670 Law Building  
Lansing, MI 48913  
(517) 373-7117

### Minnesota

Department of Commerce  
Registration Division  
85 7th Place East, Suite 500  
St. Paul, MN 55101-2198  
(651) 296-4026

### Nebraska

Dept. of Banking & Finance  
1200 N Street, Suite 311  
P.O. Box 95006  
Lincoln, NE 68509  
(402) 471-3445

### New York

NYS Department of Law

Investor Protection Bureau  
28 Liberty St. 21st Fl  
New York, NY 10005  
212-416-8236

### North Carolina

Department of the Secretary of  
State, Securities Division  
300 N. Salisbury Street  
Raleigh, NC 27603-5909  
(919) 733-3924

### North Dakota

North Dakota Securities  
Department  
State Capitol, Fifth Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-4712

### Rhode Island

Department of Business  
Regulation, Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building  
69-1  
Cranston, RI 02910  
(401) 462-9587

### South Carolina

Secretary of State  
1205 Pendleton Street  
525 Edger Brown Building  
Columbia, SC 29201  
(803) 734-1958

### South Dakota

Dept. of Labor and Regulations  
Division of Securities  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

### Texas

Secretary of State  
Statutory Document Section  
P.O. Box 13563  
Austin, TX 78711  
(513) 475-1769

**Utah**

Department of Commerce  
Division of Consumer Protection  
160 East 300 South  
P.O. Box 45804  
Salt Lake City, UT 84145-0804  
(801) 530-6601

**Virginia**

State Corporation Commission  
Division of Securities & Retail  
Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9276

**Washington**

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

**Wisconsin**

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

## **AGENTS FOR SERVICE OF PROCESS**

### **California**

Commissioner of Corporations  
1515 K Street, Suite 200  
Sacramento, CA 95814-4052

### **Hawaii**

Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, HI 96813

### **Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

### **Indiana**

Administrative Office of the Secretary of State  
201 State House  
Indianapolis, IN 46204

### **Maryland**

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

### **Minnesota**

Minnesota Commissioner of Commerce  
85 7th Place East, Suite 500  
St. Paul, MN 55101-2198

### **New York**

New York Secretary of State  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6th Floor  
Albany, NY 12231-0001  
(518) 473-2492

### **North Dakota**

Securities Commissioner  
5th Floor, 600 East Boulevard  
Bismarck, ND 58505-0510

### **Rhode Island**

Dept. of Business Regulation, Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69-1  
Cranston, RI 02910

### **South Dakota**

Division of Securities  
Dept. of Labor and Regulations  
124 S. Euclid Suite 104  
Pierre, SD 57501

### **Virginia**

Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, VA 23219

### **Washington**

Director of Dept. of Financial Institutions  
Security Division  
150 Israel Rd SW  
Tumwater WA 98501

### **Wisconsin**

Commissioner of Securities  
101 East Wilson Street  
Madison, WI 53703

**EXHIBIT E**  
**LIST OF FRANCHISEES**

**TO THE STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT**

| <i><b>Entity name</b></i> | <i><b>Address</b></i> |                    |       | <i><b>Phone</b></i> | <i><b>Location</b></i> |
|---------------------------|-----------------------|--------------------|-------|---------------------|------------------------|
| Ihlenfeldt LLC            | 14079 N Elk Track Ave | Boise, ID          | 83714 | 2086062403          | Idaho                  |
| DutchPopp Properties      | 1326 S 10th ST        | Noblesville, IN    | 46033 | 2728917289          | Indiana (2)            |
| SCF of Iowa               | 1355 Anchor Away Dr   | Polk City, IA      | 50226 | 3192136500          | Iowa                   |
| TK Coating Solutions LLC  | 14 Country Rd         | East Hampstead, NH | 3826  | 6034011449          | New Hampshire          |
| Kimber Epoxy Flooring     | 5325 Skyline Dr       | Ogden, UT          | 84403 | 8017916538          | Utah                   |
| PBE, LLC                  | 1690 S 1220 W         | Logan, UT          | 84321 | 3072203026          | Utah/<br>Wyoming       |
| Now Management, LLC       | 1268 S 850 W          | Lehi, UT           | 8404  | 8012432243          | Utah                   |

**EXHIBIT F**

**LIST OF FRANCHISEES THAT LEFT THE SYSTEM**

**TO THE STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT**

**None.**

**EXHIBIT G**

**STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

# **Steel Coated Floors International, LLC**

**(A Delaware Limited Liability Company)**

**Balance Sheet with Report of Independent Auditors  
December 31, 2024**

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Report of Independent Auditors

To the Members of Steel Coated Floors International, LLC:

*Opinion*

We have audited the accompanying financial statements of Steel Coated Floors International, LLC (the “Company”), a Delaware limited liability company, which comprise the balance sheet as of December 31, 2024, 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 the Company as of December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Company 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 the Company’s ability to continue as a going concern for one year after April 3, 2025.

*Auditors’ Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company’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 the Company's ability to continue as a going concern for a reasonable period of time.

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

*DA Advisory Group PLLC*

Troy, MI  
April 3, 2025

Steel Coated Floors International, LLC  
Balance Sheet  
As of December 31, 2024

|                                       | December 31,<br>2024    |
|---------------------------------------|-------------------------|
| ASSETS                                |                         |
| Current assets:                       |                         |
| Cash and cash equivalents             | \$ 198                  |
| Prepaid expenses                      | 10,588                  |
| Total current assets                  | <u>10,786</u>           |
| Other assets:                         |                         |
| Trademarks                            | 80,118                  |
| Accumulated amortization              | <u>(3,338)</u>          |
| Total fixed assets                    | <u>76,780</u>           |
| Total assets                          | <u><u>\$ 87,566</u></u> |
| LIABILITIES AND MEMBERS' EQUITY       |                         |
| Current liabilities:                  |                         |
| Accounts payable                      | \$ 18,010               |
| Due to related parties                | 28,595                  |
| Current portion of deferred revenue   | <u>18,672</u>           |
| Total current liabilities             | <u>65,277</u>           |
| Long-term liabilities:                |                         |
| Long-term deferred revenue            | <u>\$ 14,222</u>        |
| Total liabilities                     | <u>79,499</u>           |
| Members' equity:                      |                         |
| Retained earnings                     | <u>8,067</u>            |
| Total liabilities and members' equity | <u><u>\$ 87,566</u></u> |

see accompanying notes

Steel Coated Floors International, LLC  
Notes to the Financial Statements  
For the Year Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Steel Coated Floors International, LLC (the “Company”) is a Delaware limited liability company and began operating effective April 24, 2024. The company owns and operates a business which sells and installs epoxy; and shall offer and grant to franchisees and others to offer the services and to use the proprietary property of the company in connection with the services.

Accounting Method

The accompanying financial statement has been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as outlined by the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification.

Cash and Equivalents

The Company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2024.

Concentration of Credit Risk

The Company’s principal financial instruments subject to potential concentration of credit risk are cash and cash equivalents. The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company, from time to time, may have amounts on deposit in excess of the insured limits. As of December 31, 2024, the Company’s has no uninsured cash balances.

Revenue Recognition

The Company applies Accounting Standards Codification ("ASC") Topic 606, Revenue from Contract with Customers ("Topic 606"). The Company derives its revenues from franchise fees, royalty fees, marketing fund fees, and product income.

*Franchise fees and royalties*

Contract consideration from franchisees primarily consists of initial franchise fees and sales-based royalties. The initial franchise fees and are nonrefundable and collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties are payable bi-weekly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligations under the franchise agreement include the granting of certain rights to access the Company's intellectual property, in addition a variety of activities relating to the opening of a franchise unit. Those activities would include site selection, training and other such activities commonly referred to collectively as "pre-opening activities." The Company applies FASB ASU No. 2021-02, Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) ("ASU 2021-02"). All pre-opening activities are determined to be highly interrelated to the use of the Company’s intellectual property and difficult to differentiate with other future obligations.

Steel Coated Floors International, LLC  
Notes to the Financial Statements  
For the Year Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Therefore, these activities are accounted for as a single performance obligation which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Royalties are earned based on a percentage of franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Sales and Market Fee (Call Center Fee)*

Pursuant to various franchise agreements, franchisees are required to pay the Company a sales and market fee of a certain amount per month for access to and use of certain technology, including the Sales & Marketing Center, support from the franchisor, and access to the local marketing library. These amounts are recognized in the current year.

*Product sales and other revenue*

Product sales and other revenues The Company will recognize revenue from other fees and services provided to the franchisees as a single performance obligation, when the services are rendered. Revenue from the sale of physical products are recognized upon transfer of control to the customer, which typically occurs once the product has been shipped and the ability to direct use and obtain substantially all of the benefit from the asset have been transferred.

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises which are amortized over the term of the franchise agreements.

Income Taxes

The Company, with the consent of its members, has elected to be a limited liability company for federal and state income tax purposes. Accordingly, in lieu of income taxes, the members of a limited liability company are taxed on their proportionate share of the Company's taxable income or loss. Therefore, no provision or liability for federal or state income taxes has been provided for in these financial statements.

Management has evaluated the effect of the guidance provided in FASB ASC 740 on Accounting for Uncertainty in Income Taxes. Management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Company had no uncertain income tax positions at December 31, 2024.

Advertising Costs

Advertising and marketing expenses are expensed in the period during which costs are incurred. Advertising and marketing expenses totaled \$0 for the year ended December 31, 2024.

Steel Coated Floors International, LLC  
Notes to the Financial Statements  
For the Year Ended December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represents royalties and other receivables from franchise locations not owned by the Company or related parties. Accounts receivable was \$0 at December 31, 2024. The Company evaluates the need for an allowance for losses on accounts receivable based on an analysis of historical bad debt experience, current receivable aging, and expected future write-offs, as well as an assessment of specific identifiable accounts considered at risk or uncollectable. Based on management analysis, there is no allowance for uncollectible accounts in the accompanying financial statements at December 31, 2024. The expense associated with the allowance for doubtful accounts is recognized as general and administrative expense. Bad debt expense was \$0 for the year ended December 31, 2024.

Goodwill and Intangible Assets

The Company has recorded goodwill for the excess of the purchase price of its acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. The Company recognizes specifically identifiable intangibles when a specific right or contract is acquired. The Company adopted the accounting alternative for goodwill available to private companies under Accounting Standards Update (“ASU”) 2014-02, Intangibles – Goodwill and Other. Accordingly, the Company began amortizing goodwill purchases over a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates the fair value of the entity may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity’s fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value. The Company evaluates fair value as of the last day of its fiscal year. No impairment charges have been recorded as of December 31, 2024. Other intangible assets predominately consist of licenses and state specific certificates of need which have an indefinite life.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from such estimates and such differences could be material.

NOTE 2 – DEFERRED REVENUE

Deferred revenue comprises of unamortized upfront fees received from franchisees. The company records these liabilities when cash payments are received or due in advance of the company’s performance.

Steel Coated Floors International, LLC  
Notes to the Financial Statements  
For the Year Ended December 31, 2024

NOTE 2 – DEFERRED REVENUE (CONTINUED)

Beginning and ending balance for contract liabilities is reported as follow for the year ended December 31,2024:

|                              | <u>2024</u>             |
|------------------------------|-------------------------|
| Deferred revenue - beginning | \$ -                    |
| Franchise fees               | 43,171                  |
| Franchise fees recognized    | <u>(10,277)</u>         |
| Deferred revenue - ending    | <u><u>\$ 32,894</u></u> |

The company expects to recognize revenue from contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

|                                |                         |
|--------------------------------|-------------------------|
| Year ending December 31, 2024: |                         |
| 2025                           | \$ 18,672               |
| 2026                           | 7,447                   |
| 2027                           | 4,300                   |
| 2028                           | 2,475                   |
| 2029                           | -                       |
| Thereafter                     | <u>-</u>                |
| Total                          | <u><u>\$ 32,894</u></u> |

NOTE 3 – ACQUISITIONS

On July 22, 2024, Steel Coated Floors International, LLC was purchased by Phoenix Franchise Brands, LLC, and acquired 100% of the equity interests via a membership interest purchase agreement. The acquisition date is considered to be July 22, 2024, which did not include any amount of consideration paid. The transaction is still accounted for under the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. ASC 805 established principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets and goodwill acquired, and the assumed liabilities. ASC 805 also determines what information to disclose to enable the users of the financial statements to evaluate the nature and financial effects of the business combination.

Steel Coated Floors International, LLC  
Notes to the Financial Statements  
For the Year Ended December 31, 2024

NOTE 3 – ACQUISITIONS (CONTINUED)

The following summarizes the estimated purchase price allocation of the fair values of the identifiable assets acquired and liabilities assumed in the acquisition on July 22, 2024:

|                                         | Purchase Price<br>Allocation |
|-----------------------------------------|------------------------------|
| Trademarks                              | \$ 80,118                    |
| Franchise agreement (liability assumed) | (43,171)                     |
| Bargain Purchase                        | <u>\$ 36,947</u>             |

NOTE 4 – GOODWILL AND OTHER INTANGIBLES

Other intangible assets, net of accumulated amortization, consist of the following as of December 31, 2024:

|                                | Other<br>Intangibles |
|--------------------------------|----------------------|
| Balance at December 31, 2023   | \$ -                 |
| Additions                      | 80,118               |
| Less: accumulated amortization | (3,338)              |
| Balance at December 31, 2024   | <u>\$ 76,780</u>     |

Amortization expense was \$3,338 for the year ended December 31, 2024. Estimated future amortization expense of the other intangible asset as of December 31, 2024 is as follows:

| Years ending December 31, 2024    | Other<br>Intangibles |
|-----------------------------------|----------------------|
| 2025                              | \$ 8,012             |
| 2026                              | 8,012                |
| 2027                              | 8,012                |
| 2028                              | 8,012                |
| 2029                              | 8,012                |
| Thereafter                        | <u>36,721</u>        |
| Total future amortization expense | <u>\$ 76,780</u>     |

The useful life of the intangible asset is considered to be 10 years.

Steel Coated Floors International, LLC  
Notes to the Financial Statements  
For the Year Ended December 31, 2024

NOTE 5 – COMMITMENTS

The company has commitments to its franchisees as detailed in their franchise agreements.

NOTE 6 – RELATED PARTY TRANSACTIONS

There are instances of related party transfers that take place between entities ending in a net payable balance to these related entities. The balances bear no interest and have no stated pay-back period. As of December 31, 2024, total ending net amount due to other entities was \$28,595.

NOTE 7 – SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 3, 2025, when these financial statements were available to be issued and determined there are no subsequent events that require disclosure.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

# **Steel Coated Floors Internal Financial Statements**

**For the period January 1, 2025 – March 31, 2025**

# STEEL COATED FLOORS, LLC

## BALANCE SHEET

March 31, 2025

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### ASSETS

#### Current Assets:

|                      |               |
|----------------------|---------------|
| Cash                 | \$ 50,898     |
| Total Current Assets | <u>50,898</u> |

#### Other Assets:

|                           |                          |
|---------------------------|--------------------------|
| Related party receivables | 39,149                   |
| Trademarks, net           | <u>74,777</u>            |
| Total Other Assets        | <u>113,926</u>           |
| <b>Total Assets</b>       | <u><u>\$ 164,824</u></u> |

### LIABILITIES AND STOCKHOLDERS' EQUITY

#### Current Liabilities:

|                           |               |
|---------------------------|---------------|
| Accounts payable          | \$ 53,715     |
| Total Current Liabilities | <u>53,715</u> |

#### Other Liabilities:

|                         |                |
|-------------------------|----------------|
| Related party payables  | 51,024         |
| Deferred franchise fees | <u>73,227</u>  |
| Total Other Liabilities | <u>124,251</u> |
| Total Liabilities       | <u>177,966</u> |

#### Stockholders' Equity:

|                                                   |                          |
|---------------------------------------------------|--------------------------|
| Retained earnings                                 | 8,068                    |
| Net Income                                        | <u>(21,210)</u>          |
| Total Stockholders' Equity                        | <u>(13,142)</u>          |
| <b>Total Liabilities and Stockholders' Equity</b> | <u><u>\$ 164,824</u></u> |

**STEEL COATED FLOORS, LLC**  
**INCOME STATEMENT**

*FISCAL PERIOD JANUARY 1, 2025 - MARCH 31, 2025*

---

**Income (Loss) From Franchise Operation:**

|                                          |                 |
|------------------------------------------|-----------------|
| Franchising Revenue                      |                 |
| Franchise fee recognition                | \$ 6,166        |
| <b>Net Income (Loss) from Operations</b> | <u>6,166</u>    |
| Administrative Expenses                  | <u>57,876</u>   |
| <b>Net Ordinary Income (Loss)</b>        | <u>(51,710)</u> |

**Other Income (Expense):**

|                                     |                           |
|-------------------------------------|---------------------------|
| Other income                        | 30,500                    |
| <b>Total Other Income (Expense)</b> | <u>30,500</u>             |
| <b>Net Income (Loss)</b>            | <u><u>\$ (21,210)</u></u> |

**EXHIBIT H. TABLES OF CONTENTS OF OPERATING MANUAL**

**TO THE STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT**

**STEEL COATED FLOORS**  
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**EXHIBIT I STATE SPECIFIC ADDENDA**

**TO THE STEEL COATED FLOORS FRANCHISE DISCLOSURE DOCUMENT**

## **ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

815 ILCS 705/41 provides that any condition, stipulation or provision in the franchise agreement that requires you to waive any of your rights under, or the franchisor's obligation to comply with any provision of, the Illinois Franchise Disclosure Act of 1987, as amended, the Illinois Disclosure Rules and Regulations, or any other law of Illinois, is void.

Nonrenewal of your franchise must comply with 815 ILCS 705/20. Termination of your franchise must comply with 815 ILCS 705/19.

Any provision in the franchise agreement that requires the application of the laws of another state is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.

Any provision in the franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

The Choice of Forum stated in Item 17v is modified to state that:

*All claims must be brought in New Castle County, Delaware, or in the County in the state of Illinois where your franchise is located.*

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

## **ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND OTHER AGREEMENTS**

The Franchise Agreement to which this addendum is attached, which may have been entered into by and between the below-undersigned parties' incident to the execution of the Franchise Agreement (collectively referred to as the "Franchise Related Agreements") are amended as follows to comply with the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

1. Termination and nonrenewal of the Franchise Agreement must comply with 815 ILCS 705/20.
2. A general release required as a condition of renewal, assignment, or transfer does not apply to any claim or liability arising under the Illinois Franchise Disclosure Act.
3. Any provision in the Franchise Agreement and Related Franchise Agreements that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.
4. The representations in Section 18.14 of the Franchise Agreement do not act as a release, estoppel, or waiver of any claim or liability arising under the Illinois Franchise Disclosure Act.
5. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act and the Illinois Disclosure Rules and Regulations are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement, Related Franchise Agreements, or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement and Related Franchise Agreements in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement and Franchise Related Agreements to which it is attached.

FRANCHISOR:  
**STEEL COATED FLOORS  
INTERNATIONAL, LLC**

FRANCHISEE:

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

THE STATE OF INDIANA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE [INDIANA CODE §§23-2-2.5-1 THROUGH 23-2-2.5-50]. THIS STATE ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF INDIANA HAS A STATUTE WHICH RESTRICTS OR PROHIBITS THE IMPOSITION OF LIQUIDATED DAMAGE PROVISIONS [INDIANA CODE §23-2-2.7(10)]. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101.

A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

The franchise agreement does not expressly give you the right to terminate, but Indiana law may give you the right to terminate if we commit a substantial breach of the franchise agreement.

Any provision in the franchise agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law will prevail.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

## **INDIANA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

1. A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.
2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.
3. In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.
4. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**STEEL COATED FLOORS  
INTERNATIONAL, LLC**

FRANCHISEE:

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

### ITEM 17

The general release required as a condition of renewal, assignment, or transfer does not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law.

The franchise agreement provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through litigation in Delaware. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached are amended as follows to comply with the Maryland Franchise Registration and Disclosure Law:

1. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. The franchise agreement provides that disputes are resolved through litigation in Delaware. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.
7. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

**FRANCHISOR:**  
**STEEL COATED FLOORS**  
**INTERNATIONAL, LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## **MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Minnesota Franchise 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 with the franchise.

The Minnesota Department of Commerce requires that the franchisor indemnifies Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes trademark rights of the third party. The franchisor does not indemnify against the consequences of the franchisee's use of the franchisor's trademark except in accordance with the requirements of the franchise.

Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a franchisor from requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, Section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

Minn. Rule 2860.4400J states that it is unfair and inequitable for a franchisor to require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or to consent to liquidated damages, termination penalties, or judgment notes. Any language found in the disclosure document or Franchise Agreement contrary to this rule is amended so that it does not apply to Minnesota franchisees.

THE STATE OF MINNESOTA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF MINNESOTA ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, THE FRANCHISOR MUST COMPLY WITH MINNESOTA STATUTE 80C.14, SUBDIVISIONS 3, 4 AND 5, WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIC CASES, THAT A FRANCHISEE BE GIVEN 90 DAYS NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS NOTICE FOR NONRENEWAL OF THE FRANCHISE AGREEMENT. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF MINNESOTA HAS COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED. LIQUIDATED DAMAGE PROVISIONS ARE VOID UNDER MINNESOTA LAW.

Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the requirement that all litigation must take place in California shall not in any way abrogate or reduce any rights of the franchise as provided for in Minnesota Statutes, Chapter 80C.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee is given 90

days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

Franchisor has agreed to defer payment of initial franchise fees until the franchisor has completed its pre-opening obligations and the franchisee is open for business.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

## **MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Minnesota Franchise Law:

1. 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 with the franchise.
2. A general release required as a condition of renewal, assignment, or transfer does not apply to any claim or liability arising under the Minnesota Franchise Law.
3. Franchisor shall protect the right of Franchisee to use the Marks in accordance with the requirements of the Franchise Agreement.
4. The final two paragraphs of provision XXI(B) are hereby deleted.
5. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of Minnesota.
6. The representations contained in section XXIII(A) of the Franchise Agreement do not act as a release, estoppel, or waiver of any liability arising under the Minnesota Franchise Law.
7. Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchise Agreement does not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes, Chapter 80C. These statutes prohibit Franchisor from requiring litigation to be conducted outside Minnesota or abrogating or reducing any of Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
8. With respect to franchises governed by Minnesota law, Franchisor shall comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.
9. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.
10. Franchisor has agreed to defer payment of initial franchise fees until the franchisor has completed its pre-opening obligations and the franchisee is open for business.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**STEEL COATED FLOORS  
INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

Date: \_\_\_\_\_

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

Date: \_\_\_\_\_

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or

expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

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

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

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

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

9. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

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

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

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

## **NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the North Dakota Franchise Investment Law:

Covenants restricting or prohibiting your right to compete after the termination or expiration of your franchise agreement are generally considered unenforceable in the State of North Dakota.

The release required as a condition of renewal and/or assignment/transfer will not apply to any liability arising under the North Dakota Franchise Investment Law.

Any provision of the franchise agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

Any mediation, if necessary, will take place at the American Arbitration Association office nearest your business Site.

Any provision of the franchise agreement requiring you to waive the right to a trial by jury is void.

Any provision of the franchise agreement requiring you to waive exemplary or punitive damages is void.

Any provision of the franchise agreement requiring you to consent to a statute of limitations that is shorter than the applicable North Dakota statute of limitations is void.

## **NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the North Dakota Franchise Investment Law:

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the North Dakota Franchise Investment Law.
2. Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.
3. Section 15.1 is amended by the addition of the following sentence:

“Covenants not to compete such as the one described above are generally considered unenforceable in the State of North Dakota.”
4. The final two paragraphs of provision XXI(B) are hereby deleted.
5. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of North Dakota.
6. The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**STEEL COATED FLOORS  
INTERNATIONAL, LLC**

FRANCHISEE:

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Rhode Island Franchise Investment Act:

A condition, stipulation or provision requiring a franchise to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this act or a rule or order under this act is void.

A provision is a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

## **RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Rhode Island Franchise Investment Act.

1. A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Rhode Island Franchise Investment Act.
2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

FRANCHISOR:  
**STEEL COATED FLOORS  
INTERNATIONAL, LLC**

FRANCHISEE:

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SOUTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

The Franchise Disclosure Document to which this addendum is attached is amended as follows:

Franchisor has agreed to defer payment of initial franchise fees until the franchisor has completed its pre-opening obligations and the franchisee is open for business pursuant to SD §37-5B-5.

**FRANCHISOR:**  
**STEEL COATED FLOORS**  
**INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows:

Franchisor has agreed to defer payment of initial franchise fees until the franchisor has completed its pre-opening obligations and the franchisee is open for business pursuant to SD §37-5B-5.

**FRANCHISOR:**  
**STEEL COATED FLOORS**  
**INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** 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.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

## **WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law:

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISION OF THE FRANCHISE AGREEMENT THAT IS INCONSISTENT WITH THAT LAW. THE STATE OF WISCONSIN MAY ALSO HAVE COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE RELATIONSHIP IN RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS WHICH RESTRICT THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND STATE AND FEDERAL COURT DECISIONS. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATED THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

We may revoke our approval of any previously approved supplier at any time if the quality of the product or the supplier's financial condition or ability to satisfy your requirements do not continue to meet our satisfaction.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

## **WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Wisconsin Fair Dealership Law:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats., supersedes any inconsistent provisions of the Franchise Agreement.
2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**STEEL COATED FLOORS  
INTERNATIONAL, LLC**

FRANCHISEE:

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

### **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:

| State        | Effective Date        |
|--------------|-----------------------|
| California   | Not Registered        |
| Hawaii       | Not Registered        |
| Illinois     | Different form of FDD |
| Indiana      | Different form of FDD |
| Maryland     | Not Registered        |
| Michigan     | Different form of FDD |
| Minnesota    | Pending               |
| New York     | Different form of FDD |
| North Dakota | Different form of FDD |
| Rhode Island | Different form of FDD |
| South Dakota | Different form of FDD |
| Virginia     | Different form of FDD |
| Washington   | Not Registered        |
| Wisconsin    | Different form of FDD |

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.

## Item 23. RECEIPT

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 Steel Coated Floors International, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

New York requires that Steel Coated Floors International, LLC gives 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.

If Steel Coated Floors International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit D.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Kevin Longe – Chief Executive Officer, Mitch Cypers- COO, Manny Cypers- CTO, and Greg Longe – Chief Strategy Officer 19500 Victor Parkway, Livonia MI 48152, 513-399-6635, and:\_\_\_\_\_.

Issuance Date: April 30, 2025. Our registered agents authorized to receive service of process for us are listed in Exhibit D. I have received a disclosure document dated April 30, 2025. This disclosure document included the following Exhibits:

|                                                                                |                                                            |
|--------------------------------------------------------------------------------|------------------------------------------------------------|
| <b>EXHIBIT A. FRANCHISE AGREEMENT</b>                                          | <b>EXHIBIT E. LIST OF FRANCHISEES</b>                      |
| <b>EXHIBIT B. FRANCHISEE DISCLOSURE</b>                                        | <b>EXHIBIT F. LIST OF FRANCHISEES THAT LEFT THE SYSTEM</b> |
| <b>QUESTIONNAIRE</b>                                                           | <b>EXHIBIT G. FINANCIAL STATEMENTS</b>                     |
| <b>EXHIBIT C. RELEASE OF CLAIMS</b>                                            | <b>EXHIBIT H. TABLE OF CONTENTS OF OPERATING MANUAL</b>    |
| <b>EXHIBIT D. STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS</b> | <b>EXHIBIT I. STATE SPECIFIC ADDENDA</b>                   |

|               |                    |                     |
|---------------|--------------------|---------------------|
| _____<br>Date | _____<br>Signature | _____<br>Print Name |
| _____<br>Date | _____<br>Signature | _____<br>Print Name |

KEEP THIS COPY FOR YOUR RECORDS

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|               |                    |                     |
|---------------|--------------------|---------------------|
| _____<br>Date | _____<br>Signature | _____<br>Print Name |
| _____<br>Date | _____<br>Signature | _____<br>Print Name |

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