

FRANCHISE DISCLOSURE DOCUMENT



APPELL FRANCHISING, LLC
A Utah Limited Liability Company
6 Willowbrook Avenue, Bay Shore, NY 11706
(631) 757-1099
AppellStriping.com
Franchise@appellstriping.com

We franchise the right to operate a single “Appell” franchised business (each, a “Appell Business” or a “Franchised Business”) focused on providing proprietary parking lot maintenance and striping products and services, primarily for businesses, but also for industrial and residential facilities, with a lifetime guarantee, and other products and services we may authorize for sale in the future.

The total investment necessary to begin operation of a Appell Business is between \$105,450 and \$274,200. This includes an estimated \$74,500 to \$182,000 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 Bryan Appell at 6 Willowbrook Avenue, Bay Shore, NY 11706 or by phone at (631) 757-1099.

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 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 21, 2025, as amended on June 3, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Appell business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Appell franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends 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 New York. 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 New York than in your own state.
2. **Governing Law.** The franchise agreement states that is it governed by New York law. This law may not provide the same protections and benefits as local law. You may want to compare these laws.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is APPELL FRANCHISING, LLC (“we,” “us,” and “our”). “You” or “your” means the person(s), corporation, and/or other entity whom/which purchases a Appell Franchised Business. If the franchise is awarded in whole or in part to a legal or business entity, “you” or “your” includes both the entity and the owners of the entity.

We were organized under the laws of Utah as a limited liability company on February 22, 2023. Our principal business address is at 6 Willowbrook Avenue, Bay Shore, New York 11706, and our telephone number for purposes of this Disclosure Document is (631) 757-1099. We do business under the names “Appell”. We do not do business under any other name.

We first began offering franchises for the right to operate a Franchised Business in the United States in April 2023. We have not operated any businesses that are similar to the Franchised Business. We do not offer or sell franchises in any other line of business and, except as described in this Item, we are not otherwise engaged in any other business activity.

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 APLS Franchising, LLC, a New York limited liability company with its principal place of business at 137 East Main Street, Bay Shore, NY 11706. Besides the above, we currently have no Predecessors or Parents required to be included in this Item.

Our Affiliates

Our affiliate, Appell Striping and Sealcoating Inc., a New York corporation formed on January 20, 2006, whose principal business address is 137 East Main Steet, Bay Shore, NY 11706. This affiliate has operated a business similar to the business offered by this disclosure statement since January 2006 in Bay Shore, New York.

Our affiliate has not offered franchises in any line of business.

Our affiliate, Appell Striping Corp., a New York corporation formed March 13, 2003, whose principal address was 217 Wensley Lane, East Islip, NY 11730. This affiliate operated a business similar to the business offered by this disclosure statement from March 2003 to January 2006. Appell Striping Corp. transferred its clients to Appell Striping and Sealcoating Inc. in January 2006 and is currently inactive.

Our affiliate has not offered franchises in any line of business.

Our affiliate, APLS Franchising, LLC, a New York limited liability company with its principal place of business at 137 East Main Street, Bay Shore, NY 11706. This affiliate was formed to offer Appell Striping franchises and briefly did so in 2022 and 2023 until we formed Appell Franchising, LLC. It is an owner/member in Appell Franchising, LLC. It did not operate any other business. It was also our predecessor.

Our affiliate has not offered franchises in any line of business.

Our affiliate, Appell IP, LLC, a New York limited liability company with a principal business address at 116 Elder Road, Islip, NY 11751 was formed on or about June 11, 2024. Appell IP, LLC owns the Proprietary Marks and has licensed us the right to use and sublicense use of the Proprietary Marks in connection with the administration and development of the Appell® franchise system in the United States and its territories. Appell IP LLC does not conduct any other business and has never offered franchises in this or any other line of business.

We do not have a parent or any predecessors. Except for the foregoing, we do not have any other affiliates that offer or operate franchises in any line of business.

Except as provided in this Item, we do not have any other affiliates that need to be disclosed in this Item.

The Business We Offer

We offer, to those who meet our qualifications, the opportunity to be awarded a Appell Franchised Business focused on the paving, maintenance, and striping services, primarily for businesses but also for industrial and residential parking lots, and other products or services that we authorize for offer or sale at the Franchised Business (the “Approved Products and Services”). In order to own and operate a Franchised Business, you must enter into our current form of franchise agreement that is attached as Exhibit B 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 Appell Business (the “Franchise System”). We have created an 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 the proprietary marks “Appell Striping” (word mark), “Appell” (design mark) and associated marks that we are now and in the future may designate as part of the System (collectively, the “Proprietary Marks”). You will operate from an approved location (the “Approved Location”) which must be located in your designated territory (the “Territory”).

We expect that a home office may serve as the Approved Location, provided that you have a quiet and organized workspace at home which may be dedicated to the Franchised Business. You will need a company vehicle and one (1) trailer. You will also need sufficient storage space, between 250 square feet to 2,000 square feet, to properly store and maintain the Franchised Business’s inventory and equipment.

We and our affiliate(s) provide the following to our franchisees: utilization of Appell Striping copyrighted methods of operation and services as well as our operational software program. We may offer you access to enroll with the Appell National Accounts Program. We may offer you the option to perform such work in your Territory, but we may also provide such services ourselves or contract with a third-party, including another Appell franchisee, to perform such services in your Territory if you (a) are not qualified or approved to service the National Account customer, or (b) if you decline to perform a particular job. Qualified franchisees may be required to enter into our then-current form of National Account Agreement to provide services to National Account customers. See Item 12 for more information about our National Account Program.

Market and Competition

Appell Businesses offer their services to the general public. The Franchised Business will compete primarily with other parking lot maintenance and striping providers in proximity to the location of your Appell Business. The parking lot maintenance and striping industry in general is a mature and highly competitive industry and can be 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

The Franchised Business is subject to laws and regulations in your county, state or municipality regarding the operation of the Appell Business. You are advised to examine these laws and regulations before purchasing a franchise from us. You must comply with all laws and regulations pertaining to businesses generally and any laws pertaining to the regulation of parking lot maintenance and striping providers, consumer protection, operations and licenses (including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, trade regulation, worker's compensation, and unemployment insurance). Additionally, you must ensure that you and each of your employees obtain all of the proper federal, state and local licenses in order to operate the Appell Business and provides services through the Appell Business.

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your Appell Business. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2 **BUSINESS EXPERIENCE**

Bryan M. Appell – Founder/CEO

Bryan has been the CEO since our inception, and has also served as the President & CEO of Appell Striping and Sealcoating LLC since 2006

Michael Appell – COO

Michael has been the COO since our inception and serves as the President of National Accounts for Appell Striping and Sealcoating. From 2011 to 2017 he was Director of Operations for Appell Striping and Sealcoating LLC.

ITEM 3
LITIGATION

No litigation must be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign a Franchise Agreement, you must pay a lump sum initial franchise fee (“Initial Franchise Fee”) that will be \$5,000 plus \$.10 for each person in the Territory. As more fully described in Item 12 of this Disclosure Document, Territories will range from approximately 300,000 to 500,000 people.

U.S. Armed Forces Veterans or Military Veterans of Allied Countries with a General Discharge under Honorable Conditions, First Responders (Fire, Police, EMT, Nurses, etc.), Minority-owned, and Women-owned business will receive a five-thousand-dollar (\$5,000) discount of the Initial Franchise Fee on the purchase of the first Franchised Unit. Discount may not be combined with other discounted offers.

Initial Inventory and Equipment Package

Prior to opening your Franchised Business, you are required to purchase certain proprietary materials and equipment from us or our approved vendors that will be used in the operation of your business. Specifically, you must purchase: (i) certain equipment that is necessary to purchase in connection with establishing the Franchised Business (the “Equipment Package”), which will cost between \$37,500 and \$125,000; and (ii) the initial stock of the Proprietary Products, which will cost between \$750 and \$2,500 (the “Initial Inventory”).

Initial Marketing Kit and Training Fee

At the time you execute your Franchise Agreement, you must purchase our initial marketing kit from us, which will cost \$2,000. We provide the initial training program (the “Initial Training Program”) (described more fully in Item 11 of this Disclosure Document) for up to two (2) trainees per franchise purchased at no charge. If you send more than two (2) trainees to initial training, we will charge you a \$1,600 training fee for a 2-day hands-on training for each additional trainee. Training fees, if applicable, are payable before the initial training begins and are uniform and non-refundable. You must also pay all your trainees’ travel, meal and lodging expenses, along with their hourly wage/salary (if applicable), and workers compensation insurance, unemployment insurance, and disability insurance (if applicable) while training.

Uniformity

The Initial Franchise Fee, Equipment Package, Initial Inventory, Initial Marketing Kit, and Initial Training Fee are not refundable under any circumstances and are deemed fully earned upon payment. Except as otherwise disclosed in this Item, all fees described herein are calculated and imposed uniformly on franchisees.

ITEM 6
OTHER FEES

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Royalty	8% of the Gross Sales on all jobs, except for on National Accounts, which will be between 15% and 20% of Gross Sales, or \$500 per month, whichever is greater (the "Royalty Fee").	Either (a) deducted via EFT monthly on the 5 th day of each month, or (b) automatically debited at the time of payment via your POS system on a per-transaction basis	<p>Your Royalty Fee will begin once your Franchised Business opens. Minimums will be enforced beginning with the 4th month after you open your franchised business. Please note that "EFT" means Electronic Funds Transfer program.</p> <p>If collected monthly, the Royalty Fee will be based on the Gross Sales of your Franchised Business during the preceding calendar month. If collected on a per-transaction basis, the Royalty Fee will be equal to the Gross Sales generated by the Franchised Business as a result of the applicable transaction.</p> <p>The Royalty Fee will be the greater of 8% of the Gross Sales or \$500.</p> <p>Please see Notes 1, 2 and 3.</p>
National Account Fee	Between 15% and 20% of all Gross Sales derived from National Account customers	Collected at the same time and in the same manner as the Royalty Fee	You will be required to pay us a fee equal to between 15% and 20% of Gross Sales solely in connection with revenue derived from the provision of services to National Account customers.
Brand Fund Contribution	1% of the Gross Sales of your Franchised Business or \$200 per month, whichever is greater (the "Fund Contribution").	Collected at the same time and in the same manner as the Royalty Fee	<p>We have established a brand development fund (the "Brand Development Fund" or "Fund") to promote our Proprietary Marks, System and/or brand generally. We will collect your Fund Contribution at the same time and in the same manner as we collect your Royalty Fee (either monthly via EFT, or via your POS system on a per-transaction basis).</p> <p>See Notes 1, 2 and 3.</p>
Local Advertising Requirement	2% of the Gross Sales of your Franchised Business over	Must be expended monthly	All advertising materials must be approved by us prior to use/publication. This is the minimum amount you must expend each month on local advertising and promotion of your Franchised

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
	the preceding calendar month \$500 per month, whichever is greater.		Business within your Territory, but we encourage you expend additional amounts as you and your business advisors deem appropriate. We may require you to provide us with monthly reports detailing your local advertising expenditures.
Ongoing Product Purchases	Varies based on sales within your Territory	Payable prior to, or at, delivery	You are required to purchase approved Products on an ongoing basis as necessary to service your customers. We may also require you to purchase additional items from us or our affiliate as necessary to service your customers. See Item 8 of this disclosure document for additional information.
Technology Fee	Then-current fee charged by provider	As incurred	We may require that you pay us or our third-party provider a fee to help defray the costs/expenses associated with various technology related expenses. Currently, the Technology Fee is \$410 per month, however we reserve the right to increase the monthly Technology Fee to a maximum of \$600 per month upon providing you with written notice of any change. See Note 5.
Training Fee	Our then-current training fee for additional, refresher or remedial training Currently, \$0 (up to 2 people), plus expenses	As incurred	We may require you and your Designated Manager (if any) to attend: (i) up to two (2) days of refresher/additional training in a given year (“Additional Training”); and (ii) up to five (5) days of remedial training that we have the right to require you to attend in complete if you are not operating your business in compliance with the Franchise Agreement or our Manuals (“Remedial Training”). We will charge you a training fee of \$800 per person (the “Training Fee”) in connection with any Additional Training that we require for, (1) Additional Training that you request, or (2) Remedial Training. You will be responsible for all costs and expenses that you and your trainees incur in connection with attending any Additional Training or Remedial Training. We may also charge you this Training Fee if we are required to provide on-site assistance at your Franchised Business at your request, in which case you will also be responsible for the costs and

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
			<p>expenses we incur in connection with providing such on-site assistance.</p> <p>We will not charge you a Training Fee in connection with any day-to-day assistance we provide to you remotely via the telephone, e-mail, Skype or related channel or for any Additional Training that we require and that you have not requested.</p>
Renewal Fee (Franchise Agreement Only)	\$2,500	Prior to renewal	You must also satisfy certain conditions enumerated in the Franchise Agreement in order to renew.
Transfer Fee	The greater of: (i) \$5,000; or (ii) 10% of the sale price for the Franchised Business	Prior to our approval of the Transfer	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.
Insurance	Will vary according to circumstances	Upon demand	<p>If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to your third-party insurance provider.</p> <p>You must name us and any Approved Supplier we designate as an additional insured.</p>
Taxes on Payments to Us	Amount of tax or assessment	When imposed by taxing authority	If any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment you make to us, in addition to all payments due to us, you must pay the tax, levy or assessment.
Indemnification	Amount of claim or judgment	When incurred	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
Alternate Supplier and/or Non-Approved Item Testing	Actual cost of evaluation	Upon Franchisor's written decision to Franchisee	<p>As discussed more fully in Item 8, you may propose a non-approved item or non-approved supplier that you would like to use in connection with your Franchised Business.</p> <p>If you make such a proposal, we reserve the right to be reimbursed for the actual expenses/costs we incur in evaluating your proposal.</p>

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Audit Fees	Actual cost of audit	Within 30 days of invoice	Payable if audit reveals that you have underreported the Gross Sales of your Franchised Business by 2% or more for any designated reporting period. See Note 4.
Interest	The lesser of 1.5% per month or higher rate as permitted by applicable law	Upon demand	Payable on all delinquent payments due to us for more than thirty (30) days. See Note 6.
Late Fee/Insufficient Funds	\$200/week or maximum as permitted by local law	Upon demand	Payable each week on all delinquent payments due to us for more than thirty (30) days.
Legal Fees and Expenses	Costs and expenses.	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.
Annual Convention Fee	Then current fee not to exceed \$1,200	At least 30 days before Convention	The Annual Convention shall not exceed \$1,200 and must be paid whether you attend or not.

Explanatory Notes

Generally. Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System. These fees are payable in U.S. dollars and are non-refundable unless otherwise stated in this Item.

1. **Royalty Fee and Other Fees.** Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your "EFT Account"). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to your Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.
2. **Collection Interval.** Your Royalty and Brand Fund Contribution are payable either monthly via EFT, or via your POS System on a per transaction basis (as described in the chart above). We will notify you of the timing and manner in which your Royalty and Brand Fund Contribution must be paid. All other fees are payable monthly via EFT. We reserve the right to change the interval at which we collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a weekly rather than monthly basis. Regardless, you are required to

provide us with a monthly Gross Sales report detailing your Gross Sales from the preceding calendar month, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the “Gross Sales Report”) on or before the 4th day of each calendar month if we are unable to access that information through the POS System.

3. **Definition of Gross Sales.** “Gross Sales” shall include all revenue from the sale of all products and performance of services from the Franchised Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that Franchisee receives from third-party vendors/suppliers. The term Gross Sales does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if these taxes are stated separately when the customer is charged, and you pay these amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales are the amount of any documented refunds, chargebacks, credits and allowances given to customers in good faith. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee.
4. **Right to Inspect/Audit.** We have the right to inspect your books and other financial information associated with your Franchised Business during the term of the Franchise Agreement, as well as inspect the Premises for compliance with our System standards of food and service quality. If we conduct an audit and it reveals that you have underreported your Gross Sales by two percent (2%) or more, then we may require you to pay the costs we incur in connection with conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys). If we conduct an inspection of your Premises and we find that you are in default of our System standards, you will be responsible for our costs in conducting such inspection.
5. **Technology Fee.** We may require you to license and use designated software from us or third-party suppliers, specified by us in the Operations Manual. The amount of software fees and the manner and timing of payment may change from time to time as we update the Franchise System’s software requirements. Additionally, we reserve the right to require that you pay us or our designated vendor(s) a fee (which may be collected monthly, quarterly, or annually) associated with other technology requirements, including but not limited to maintaining required computer hardware and software, hosting and payment card processing services, hosting a call center and any other technology used in the operation of your Appell Business, and such payment shall be made in the manner prescribed by us or the designated vendor(s), as applicable (“Technology Fee”). We currently impose a Technology Fee of \$410 per month and reserve the right to increase the Technology Fee to a maximum of \$600 per month. The Technology Fee must be paid monthly via EFT, or as we otherwise set forth in writing. We reserve the right to change the amount of the Technology Fee or incorporate additional technology fees as changes are made to the System’s hardware, software and other computer requirements or as required by the third-party vendor(s) or by any regulatory agency.
6. **Interest on Late Payments.** Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	ACTUAL OR ESTIMATED AMOUNT (LOW)	ACTUAL OR ESTIMATED AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$35,000	\$55,000	Lump Sum	Upon signing your Franchise	Us
Lease Deposit, Storage, Overnight Parking (Note 2)	\$0	\$3,000	As Arranged	As Arranged	Third-party suppliers
Leasehold Improvements (Note 3)	\$0	\$10,000	As Arranged	As Arranged	Third-party suppliers
Equipment Package, Vehicle, Trailer, or other equipment (Note 4)	\$37,500	\$125,000	Lump Sum	Before Opening	Us/Third-Party Suppliers
Initial Inventory (Note 5)	\$750	\$2,500	Lump Sum	Before Opening	Us/Third-Party Suppliers
Licenses and Certifications (Note 6)	\$0	\$3,500	As Arranged	Before Opening	Third-Party Suppliers/Governing organizations
Grand Opening Advertising (Note 7)	\$15,000	\$25,000	As Arranged	Before Opening	Us/Third-Party Suppliers
Marketing Kit (Note 8)	\$2,200	\$3,700	As Arranged	Before Opening	Us/Third-party suppliers
Initial Training Fee (Note 9)	\$0	\$2,000	Lump Sum	Before Initial Training Program	Us
Training Expenses (Note 10)	\$0	\$5,000	As Arranged	As Incurred	Third-parties
Computer Equipment (Note 11)	\$0	\$2,000	As Arranged	As Arranged	Third-party suppliers
Office Equipment & Supplies (Note 12)	\$0	\$2,000	As Arranged	Before Opening	Third-party suppliers
Vehicle GPS System Installation (Note 13)	\$0 per vehicle	\$150 per vehicle	Lump Sum	Upon Signing Franchise Agreement	Third-party suppliers

TYPE OF EXPENDITURE	ACTUAL OR ESTIMATED AMOUNT (LOW)	ACTUAL OR ESTIMATED AMOUNT (HIGH)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Licenses and Professional Services (Note 14)	\$0	\$2,000	As Arranged	Before Opening	Attorneys, accountants
Prepaid Insurance Premium (Note 15)	\$0	\$3,500	As Arranged	Before Opening	Third-Party Insurance Agency
Additional Funds – 3 Months (Note 16)	\$15,000	\$30,000	As Incurred	After opening.	Third-party suppliers, employees
Totals (Note 17)	\$105,450	\$274,200			

Explanatory Notes:

Generally. The Chart above relates to the operation of the Approved Location from a home office. If you have a quiet and organized workspace at home, we expect that you would work from a home office dedicated to the Appell Business. You will need approximately 250 to 2,000 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 Appell 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 Appell 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 Appell Business.

1. Initial Franchise Fee. When you sign a Franchise Agreement, you must pay a lump sum initial franchise fee (“Initial Franchise Fee”) that will be \$5,000 plus \$.10 for each person in the Territory. As more fully described in Item 12 of this Disclosure Document, Territories will range from approximately 300,000 to 500,000 people. Your actual Initial Franchise Fee may be lower or higher depending upon the number of people in your Territory. The initial Franchise Fee is deemed fully earned and non-refundable upon payment.
2. Lease Deposit. If you do not have a quiet organized space at home to be your office and/or do not have 250 to 2,000 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 3,000 square feet at a cost of \$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. Depending on your office location, it may be necessary for you to secure a storage rental unit and/or secure parking garage or space rental.

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. Equipment Package. You must purchase the Equipment Package from us, which is necessary to establish the Franchised Business. The Equipment Package includes certain required striping equipment & accessories, backpack blower, additional tools and small equipment, supplies necessary to provide the Approved Services. You must have a vehicle that meets our specifications. It is not necessary to have the vehicle wrapped with our trade dress, but it must be equipped as specified by us. The high range we have estimated is for the purchase of a new vehicle. The low range assumes you already have a vehicle to use in connection with the Appell Business.
5. Initial Inventory. You must purchase the Initial Inventory from us or our approved suppliers, which is necessary to establish the Franchised Business. The Initial Inventory includes maintenance and other striping products.
6. Licenses and Certifications. These amounts include possible licensures and certifications required by local, state, or federal law, including, but not limited to business license and/or Certificate of Occupancy. In addition, you may be required to obtain documentation for signage, electrical; inspection fees may apply. It is your responsibility to investigate the license(s), certifications(s), rules and/or regulations. Fees will vary by federal, state, and local laws.
7. Grand Opening Advertising. You must spend a minimum of \$15,000 to develop and implement an opening advertising campaign beginning two (2) weeks prior to opening and ending twelve (12) weeks after your opening of the Franchised Business (the “Grand Opening Advertising”). The Grand Opening Advertising is in addition to the Fund Contribution and Local Advertising Requirement. All promotional activities must be approved in advance by Appell. The amounts you spend for initial marketing and advertising are typically not refundable.
8. Marketing Kit. You will be required to purchase an initial Marketing Kit which will include tangible marketing items necessary to operate your business.
9. Initial Training Fee. We provide the initial training program (the “Initial Training Program”) (described more fully in Item 11 of this Disclosure Document) for up to two (2) trainees per franchise purchased at no charge. If you send more than two (2) trainees to initial training, we will charge you a \$2,000 training fee for a 2-day hands-on training for each additional trainee. Training fees, if applicable, are payable before the initial training begins and are uniform and non-refundable. You must also pay all of your trainees’ travel, meal and lodging expenses, along with their hourly wage/salary (if applicable), and workers compensation insurance, unemployment insurance, and disability insurance (if applicable) while training.

10. Training Expenses. This estimate is for the cost for you plus 1 (one) to attend the initial training program held at our corporate headquarters 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.
11. 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.
12. Office Equipment & Supplies. This estimate includes desks, chairs, filing cabinets, general office supplies and paper products. High Capacity 4-in-1 printer/copier/scanner/fax
13. GPS Tracking. You may subscribe to and use GPS tracking system from a designated vendor for each work vehicle, as detailed in the Manual. Installation by outside vendor of your choice.
14. 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.
15. 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.
16. Additional Funds. This range estimates the amount of additional working capital you will need during the first three 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.
17. Total. 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.

Approved Products and Services

You must use the supplies, equipment, computer hardware and software, and product samples and promotional materials that comply with our then-current standards and specifications, which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes at your own expense.

You must offer for sale all Approved Products and Services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which we may now or in the future designate for sale by System franchisees.

At all times, you are required to maintain sufficient levels of inventory as determined by us, including our proprietary products and other equipment and supplies used at project sites, in order to adequately meet consumer demand.

Designated and Approved Suppliers

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase specified products and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an “Approved Supplier”). We, our affiliate or a designated third party may be one of several, or the only, Approved Supplier of any item. We reserve the right to require you to purchase any products and services, including computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates or our Approved Suppliers supply and/or provide to you. You must currently purchase from us the Initial Inventory, Equipment Package, and Marketing Kit, and certain Proprietary Parking lot maintenance and striping Products that we specify.

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a “System Supplier”). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers’ willingness to supply the System and may result in other System businesses’ inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due. You

must use products purchased from approved suppliers solely in connection with the operation of your Appell Business and not for any competitive business purpose.

Ownership Interest in a Supplier/ Revenue Derived from a Supplier

As of the issuance date of this Disclosure Document, we have negotiated arrangements with System suppliers of the following: paint products, painting equipment and supplies, and stencils. These suppliers currently pay us rebates equal to approximately 3% on account of franchisee purchases. We may use the rebate proceeds for any purpose we determine and are not obligated to remit any amount to you. We may discontinue arrangements with these suppliers at any time. Our officers currently do not have any ownership interests in suppliers except for us.

Your obligations to purchase certain products or services from us or our Approved Suppliers, and to purchase goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered "Required Purchases." We estimate that your Required Purchases will account for approximately 90% of your total costs incurred in establishing your Franchised Business, and approximately 19% to 24% of your ongoing costs to operate the Franchised Business after the initial start-up phase.

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. During our fiscal year ended December 31, 2024, we did not derive any revenue from required purchases and leases.

We reserve the right to enter into arrangements with system suppliers and vendors at any time and may collect rebates and/or other material consideration from any vendors or suppliers in the future without restriction. If we receive these rebates or payments, there will be no restriction on our use of these monies. We did not receive any rebates during calendar year ended December 31, 2024.

Alternative Product or Supplier Approval

If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. We are not required to approve any product or supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we consider necessary or desirable in our System as a whole, as well as the maintenance of our Confidential Information. We have the right to receive payments from suppliers on account of their dealings with you and other Appell businesses and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We are not required to approve an unreasonable number of suppliers for a given item if we believe that such approval may result in higher costs or prevent the effective or economical supervision of approved suppliers. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier.

We will use reasonable efforts to notify you in writing whether or not your request is approved or denied within 30 days of: (i) our receipt of all supporting information from you regarding your request; and (ii) our completion of any necessary inspection or testing associated with your request. If we do not provide written approval within this time period, then your request will be deemed denied.

We may, but are not required to, provide your proposed supplier or provider with its specifications for the item that you wish the third-party to supply, provided that third-party executes our required non-disclosure agreement form. Each supplier that we approve of must comply with our requirements regarding insurance, indemnification, and non-disclosure. If we approve any supplier, you may enter into supply contracts with that third party, but under no circumstances will we guarantee your performance of any supply contract.

We may re-inspect and revoke our approval of particular products or suppliers if we determine that such products or suppliers no longer meet our standards. Once you receive written notice from us that we have revoked our approval, you must immediately cease purchasing products from that supplier.

Home Office

As discussed more fully in Items 7 and 12, you may operate your Franchised Business from a home office, provided that you have a quiet and organized workspace. Additionally, you will need approximately 250 to 2,000 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. We reserve the right, but not the obligation, to review, inspect and approve your proposed office and storage space for the Approved Location.

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 obtain and maintain, at your own expense, the insurance coverage that we periodically require and satisfy other insurance-related obligations. These policy or policies shall be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service satisfactory to Franchisor in accordance with standards and specifications set forth in the Manual or otherwise in writing, from time to time. You currently must carry General Liability Insurance, which can include bodily injury liability (for injuries to other people in connection with your business), property damage (for damage to the property of others), personal injury liability (for wrongful entry, libel, slander, false arrest), advertising liability (for publishing inaccurate information resulting in slander or libel, violation of privacy, wrongful copying and infringement), legal defense, product liability, products/completed operations, and contracts. Coverage may vary depending on space, size or location of your Unit. You should establish requirements with landlord or property owner for the required minimums for your location, any coverage required by law, or by your lease. Premiums depend on the insurance carrier's charges, terms of payment, and your history. All insurance policies must name Us and our Affiliate(s) as additional insured parties.

Type:	Coverage Amount	How Rated:
General Liability	\$1,000,000	Per Occurrence
	\$1,000,000	Damage to Rented Premises per Occurrence
	\$2,000,000	In the Aggregate
Care, Custody and Control/Damage to Customer Goods*	\$ 2,500	Per Occurrence
Employment Practices Liability	\$ 10,000	Per Occurrence
Products Comprehensive (Products Completed Operations)*	\$2,000,000	In the Aggregate
Workers' Compensation, Unemployment and Disability Insurance	As required by law	Per Employee
Personal and ADV Injury*	\$1,000,000	Per Person
Medical/Personal Injury Ins.	\$ 5,000	Not less than per Occurrence
Business Interruption Ins.	\$ 20,000	Not less than Per Month
Equipment Rider	\$ 25,000 (Minimum)	Per Occurrence
Optional: Electronic Data Equipment and POS	\$ 30,000	Per Occurrence
Optional: Valuable Papers	\$ 10,000	Per Occurrence
Optional: Comprehensive Crime & Employee Dishonesty Insurance	\$ 30,000	Per Occurrence
Commercial Automobile Liability Insurance per vehicle (If automobile is owned, non-owned, rented, scheduled or hired by the business)**	\$1,000,000	Per Person
	\$1,000,000	Per Accident
	\$ 500,000	Per Occurrence
	\$1,000,000	General Liability per Occurrence

*May be included in General Liability coverage

**May be covered under a separate policy

Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. Please see Item 11 of this disclosure document for additional information regarding our computer hardware and software purchasing requirements.

Purchasing and Distribution Cooperatives

We currently do not have any purchasing or distribution cooperatives; however, we reserve the right to establish these types of cooperatives in the future. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises. There are currently no purchasing or distribution cooperatives for Appell Businesses.

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.

Obligation	Section in Franchise Agreement	Item in Disclosure Agreement
a. Site selection and acquisition/lease	1.2, 1.3, 7.1	Items 7, 11 and 12
b. Pre-opening purchases/leases	7.1, 7.4, 7.8, 7.11	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	7.1, 7.2 and 9	Items 6, 7, 8 and 11
d. Initial and ongoing training	6.5, 7.2, 7.6.4, 8.1 through 8.3	Item 11
e. Opening	7.3	Item 11
f. Fees	2.2.9, 3, 3.9, 6.3 through 6.5, 8.1.2, 8.1.3, 8.2, 8.2.3, 8.3, 9.5, 12.3, 14.3.2.7, and 22.8	Items 5 and 6
g. Compliance with standards and policies/Operations Manual	6.1, 7.4 through 7.8, 7.14, 7.15, 7.17, 11, and 12.1	Items 8 and 11
h. Trademarks and proprietary information	4, 5, 7.8 and 7.14	Items 13 and 14
i. Restrictions on products/services offered	1.2 through 1.6, 7.4 and 7.5	Items 8, 12 and 16
j. Warranty and customer service requirements	7.6, 7.7, 7.10, 7.15, and 12.3.2	Item 15
k. Territorial development and sales quotas	Not Applicable.	Items 6, 12 and 17
l. Ongoing product/service purchases	7.4 and 7.5, 7.6.8, 7.8.3, and 7.17	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	7.1.2, 7.6.2, 7.6.3, 7.7, and 7.17	Items 6, 8 and 11
n. Insurance	9	Items 6 and 8
o. Advertising	3.4, 3.5, 7.10, and 12	Items 6 and 11
p. Indemnification	13.2	Item 6
q. Owner's participation/management/staffing	7.6.3 through 7.6.6, 7.9 and 7.10	Items 11 and 15
r. Records and reports	3.2, 3.3, 10 and 11	Item 6
s. Inspections and audits	7.7, 10 and 11	Items 6 and 11
t. Transfer	14	Item 17
u. Renewal	2.2	Item 17
v. Post-termination obligations	16 and 17.2	Item 17
w. Non-competition covenants	17	Item 17
x. Dispute resolution	18	Item 17

ITEM 10
FINANCING

We may finance the Initial Franchise Fee, the Initial Inventory and Equipment Package, the Initial Marketing Kit and Training Fee for qualified franchisees. If you qualify, you must pay us a down payment as set forth in the chart below, which will vary depending on whether you are a new or existing franchisee, on your initial costs and expenses and on the total amount financed. You must issue a promissory note in the form attached to the Franchise Agreement as Exhibit E (the "Note") for the amount financed when you sign the Franchise Agreement. If the franchisee is not an individual, its owners must personally guaranty the Note and sign a guaranty in the form attached to the Franchise Agreement as Exhibit A (the "Guaranty"). The Note is payable in 30 to 48 equal monthly installments. We may require you to pay amounts due under the Note by electronic funds transfer or by authorizing us to debit your credit card or bank account, or by any other payment system. If we do so require, you must promptly take any actions and execute any documents that may be necessary to implement the required manner of payment and otherwise make or authorize such payments in the manner we direct.

Item Financed	Amount	Down Payment	Term	APR%	Monthly Payment	Prepayment Penalty	Security Required	Liability Upon Default
Initial Franchise Fee, Initial Inventory and Equipment Package, Market Kit and Training Fee	\$75,250 to \$105,500 for new franchisees; \$30,000 to \$50,000 for franchisees purchasing additional territory	\$45,000 to \$75,500 for new franchisees; \$2,000 to \$12,500 for existing franchisees purchasing additional territory	30 -48 months	0-5%	Variable	None	Personal Guaranty	Acceleration of all unpaid amounts due under the Note and termination of Franchise Agreement, payment of attorney fees and court costs incurred in collecting the debt

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

Except as listed below, Appell 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. Define your Territory. (Franchise Agreement, Section 1.2).
2. We will provide to you the Marketing Kit, Initial Inventory, 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. Loan you one copy of our confidential Operations Manual. 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 Issue Date of this Disclosure Document is attached as Exhibit F.

5. Provide you and up to 1 additional employee with initial 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

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Brand Awareness	1	0	Bay Shore, NY, or another location we designate
Product Knowledge	2.5	2	Bay Shore, NY, or another location we designate
Marketing/Customer Relations	2.5	1	Bay Shore, NY, or another location we designate
Bid, Payments, Accounting	2.5	1	Bay Shore, NY, or another location we designate
Product Applications/General Operations	6	18	Bay Shore, NY, or another location we designate
Equipment Maintenance	1.5	1	Bay Shore, NY, or another location we designate
TOTALS	16	23	

The Initial Training Program must be completed prior to opening the Franchised Business and within 30 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 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 Appell 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).

Instructor	Years of Experience in the Industry	Years of Experience with Franchisor or the Affiliate
Bryan Appell	25	22
Mike Appell	18	18

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 fee, which is presently \$800 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.

1. If you have a quiet and organized workspace at home, we expect that you would work from a home office dedicated to the Franchised Business. You will need approximately 250 to 2,000 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 space. If you do not have sufficient storage capabilities at home or your existing business, you are permitted to rent storage space, but you are expected to do so in a public storage facility or private garage. We may permit or require you to operate your Franchised Business from a separate office space if: (i) your primary residence is not located within the Territory; (ii) we determine that you are not operating your Franchised Business in a professional and organized manner from your home office; or (iii) you expressly request to operate your Franchised Business from an existing business office or a separate office space and we approve your proposed site. We reserve the right, but not the obligation, to review, inspect and approve your proposed office and storage space for the Approved Location. 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)

2. We estimate that it will take approximately 60 days from signing the Franchise Agreement for you to open your Franchised Business. The actual length of this period will depend upon factors such as whether you choose to operate your business from home, whether you need to acquire outside storage space, whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area. You must open your Franchised Business within 120 days of executing your Franchise Agreement or we may terminate your Franchise

Agreement once we have provided you with notice of your failure to open and a 15-day cure period. (Franchise Agreement, Sections 7.3 and 15.3).

C. Post-Opening Obligations.

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

1. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, intranet communication or on-site visits, as we deem advisable and subject to the availability of our personnel. We may use an online training portal (the “Online Training Portal”) to provide some of our ongoing/refresher training in the future. (Franchise Agreement, Section 6.5).

2. We may schedule, and require you to attend, additional or refresher training to further assist you in the operation of your Franchised Business. If we schedule this additional training as part of our regular course of business, we will provide this training to you and your employees at our corporate headquarters or other training facility we designate tuition-free on the dates we schedule, provided: (i) there is capacity in the scheduled class; (ii) our personnel is available; and (iii) you have substantially complied with the terms of the Franchise Agreement. You will be solely responsible for any expenses you and your designated trainees incur in attending this training, including travel, lodging, meals and employee wages. We may require you and up to three (3) individuals to attend up to five (5) days of additional training each year. (Franchise Agreement, Section 8.2).

3. We will hold an Annual Convention every year in which attendance is mandatory. The cost is the then current Annual Convention fee, but not to exceed \$1,200 and must be paid whether or not you attend. The fee for the Convention will be withdrawn via electronic funds transfer (“EFT”) at least 30 days before the Convention. You will be solely responsible for any expenses you and your designated employees incur in attending this Convention, including travel, lodging, meals and employee wages.

4. Upon your request, or as we deem necessary in our sole discretion, we may provide on-site training or consultation at the location of your Franchised Business, subject to the availability of our personnel. If we provide such assistance, you will be solely responsible for paying us our then-current training fee, which is presently \$800 per trainee, as well as any expenses we incur in providing such assistance. We may also provide you with remedial training if we determine, in our sole discretion after conducting an audit or inspection of your Franchised Business, that you are not complying with our System standards and specifications. The purpose of remedial training is to get you back on track and in compliance with our standards and specifications. We can require you to attend up to five days of remedial training each year, and we may schedule this training to take place on-site or at our corporate headquarters or other designated location. We may charge you our then-current training tuition fee to provide remedial training, and you will be solely responsible for: (i) any expenses we incur in providing any on-site remedial training; and (ii) any expenses you incur in attending any remedial training at our corporate headquarters or other designated location. (Franchise Agreement, Section 8.2).

5. We may revise the Operations Manual, as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and our Online Training Portal. (Franchise Agreement, Section 6.1).

6. Administer and maintain Brand Development Fund as described in further detail below.

(Franchise Agreement, Section 12.3).

7. You may only offer for sale all products and services which we prescribe, and only those products and services. You must offer, use and sell all private label products that we may now, or in the future, designate for sale by System franchises. (Franchise Agreement, Section 7.5).

D. Advertising and Marketing.

1. *Generally*

All advertising must prominently display the Proprietary Marks and must comply with any standards we establish as specified in the Operations Manual or in any other writing. All advertising and promotional materials that you use in connection with your Franchised Business must be approved by us. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 12).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 30 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved, you may not use such materials. Once approved, you may use the proposed materials unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time, and at your own cost and expense. (Franchise Agreement, Section 12). Except as otherwise provided in this Item, we are not required to spend any amount on advertising near your Franchised Business.

2. *Grand Opening Advertising*

You are required to expend at least \$7,400 to promote and advertise the opening of your Franchised Business (the “Grand Opening Advertising”), which must be expended over the period(s) of time prior to, during and/or after the opening of the Franchised Business that we designate or otherwise approve in a separate writing. We may require that you expend all or any portion of the Grand Opening Advertising on initial marketing/advertising and/or public relations materials or services that are purchased from an Approved Supplier. (Franchise Agreement, Section 12).

3. *Brand Development Fund*

We have established a Brand Development Fund for the benefit of the entire System. Currently, we require you to contribute an amount equal to 1% percent of the Gross Sales of your Franchised Business towards the Fund (the “Fund Contribution”). (Franchise Agreement, Section 12.3).

We have the right to use the Fund, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing materials and to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by System franchisees. We may use the 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 National 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 we internally administer or prepare; and building partnerships with national and regional brands. Not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the Fund will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.” (Franchise Agreement, Section 12.3).

If we do not spend all Fund Contributions by the end of a given fiscal year, the funds will be carried forward into the next fiscal year. You must contribute to the Fund regardless of amounts due from other System franchisees. We will provide you with an unaudited accounting of the Fund within one hundred twenty (120) days after our fiscal year end (upon your written request). There is no requirement that the Fund be independently audited. We have the right, but not the obligation, to incorporate the Fund as a separate business entity. The Fund is not a trust or our asset and we are not a fiduciary to you with respect to, or a trustee of, the Fund or the monies therein. (Franchise Agreement, Section 12.3).

We have the sole right to determine how to spend contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount on advertising in your Territory. We have the right to reimbursement from the Fund for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund. Company or affiliate owned Appell businesses may contribute to the Fund, but they are not required to do so. (Franchise Agreement, Section 12.3).

During our fiscal year ended December 31, 2024, we expended Brand Fund contributions as follows: (a) 50% on Search Engine Optimization and Online Advertising; and (b) 50% on industry expos.

4. Local Advertising

Recognizing the importance of promoting your Franchised Business within your Territory, you must expend a minimum of either: (a) \$500 per month, or (b) two percent (2%) of the Gross Sales of your Franchised Business each calendar month (based on the Gross Sales of the Franchised Business during the preceding calendar month), whichever is greater, on local advertising and marketing. You must use only those materials that we have previously approved or designated, and we may require that you provide us with reports and other evidence of your local advertising expenditure each month. (Franchise Agreement, Section 12). e

5. Advertising Cooperatives and Franchisee Advisory Council

Currently, we have not established an advertising cooperative or franchisee advisory council. We will have the right to change, modify or dissolve an advertising cooperative or franchisee advisory council (if created) at any time. (Franchise Agreement, Section 12).

E. 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; 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 which costs approximately \$250. 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 \$2,000, but it may be lower if you already have such hardware and software that meets our then-current standards. 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 approximately \$100 to \$150 each month.

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 the 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).

F. 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 Appell 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 Appell 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. (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, LinkedIn, YouTube, Instagram, Twitter, Plaxo, TikTok 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 appellstriping.com and appellfranchise.com. 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).

G. 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

Approved Location

You will operate the Franchised Business at the Approved Location agreed upon by you and us. Your Approved Location may be a home office, provided you have a quiet and organized workspace. Additionally, you will need approximately 250 to 2,000 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. We may permit or require you to operate your Franchised Business from a separate office space if: (i) your primary residence is not located within the Territory; (ii) we determine that you are not operating your Franchised Business in a professional and organized manner from your home office; or (iii) you submit a request in writing to operate your Franchised Business from a separately leased office space, which meets our then-current standards. We reserve the right, but not the obligation, to review, inspect and approve your proposed office and storage space for the Approved Location.

You may relocate the Approved Location only with our prior written consent, which we will not unreasonably withhold provided that the proposed new location meets our then-current criteria for a Franchised Business and is located within your Territory.

Territory

We will grant you a Territory within which to develop your Franchised Business. The size of your Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location. The number of people in a Territory will typically range from 300,000 to 500,000, which will be drawn by using geographical and/or political boundaries, such as counties, cities, zip codes, census tracts, travel related boundaries (i.e., roads, waterways, etc.) and/or a combination of these factors. Your Territory will not be modified by Franchisor for any reason so long as you are not in default of your Franchise Agreement.

Except as set forth below, if you have been granted a Territory, neither we nor our affiliates will operate or establish, or authorize another Appell franchisee to operate or establish, a Franchised Business within your Territory. Your Protected Territory is not dependent upon achieving certain sale volumes, market penetration or any other contingency. You are not required to attain and/or maintain minimum sales volume, market penetration, and any other required quotas.

You are prohibited from directly marketing to or soliciting customers whose principal residence or business is outside of your Territory; however, you may sell products and provide services to customers located outside of your Territory, provided that: (a) the customer is not located in the Territory of another franchisee; (b) the customer initiates the contact with you; (c) you receive our express written consent; (d) no more than 50% of your total annual Gross Sales are derived from customers located outside of your Territory; and (e) you follow any applicable policies and procedures in our Manuals. Any work performed outside of your Territory that does not comply with these requirements constitutes a default under your Franchise Agreement and will result in you forfeiting all revenue received from the provision of such work. If you are provided with such notice and subsequently fail to comply with these territorial restrictions, then we may, in our sole discretion: (i) terminate your Franchise Agreement; (ii) remove exclusivity from all or a portion of your Territory; or (iii) require you, your management and any key role personnel we designate to attend Remedial Training as part of your cure actions.

Rights Reserved By Us

We and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Territory; (ii) 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, including businesses that offer products that are similar to those provided by your Franchised

Business, within or outside your Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; and (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement.

Alternate Channels of Distribution

We, our affiliates, or third parties may distribute our and our affiliates' products and services in your Territory, including those already developed and those yet to be developed, through alternate channels of distribution that we may choose. These alternate channels of distribution may include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that we deem appropriate. This does not give you the right to: (i) to distribute such products or services; or (ii) to share in any of the proceeds that a party received through these alternate channels.

National Accounts and Franchisor Programs

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any business or businesses under common control, ownership, or branding, which operate locations in or have undertaken construction projects in more than one designated territory, regardless of the volume of services or referrals (a "National Account"). "**National Account**" as defined by the Appell National Accounts Program, shall mean any customer or account designated as such by Franchisor, in its discretion, based on characteristics, including but not limited to multiple locations, desire or advisability of central billing, contractual agreement with the account customer, and other characteristics that the Franchisor deems appropriate. After we sign a contract with a National Account, we may, at our option, provide you the opportunity to perform the services under the National Account contract as an Enrolled Franchisee. "**Enrolled Franchisee**" as defined by the Appell National Accounts Program, shall mean any franchisee in good standing who has registered with the Appell National Accounts Program and has met all stipulations as set forth by the Program. Franchisees may be required to enter into our then-current form of National Account Agreement to provide services to National Account customers. If you do not execute our National Account Agreement or are otherwise not qualified or approved to provide services to a particular National Account customer, or if you choose not to provide services to a National Account, we may provide the services ourselves, through an affiliate, or through another franchisee or third-party, even if the National Account work is performed within your Territory, without compensation to you. Any dispute as to whether a particular customer is a National Account will be determined by us in our sole discretion and our determination will be final and binding. Your compensation for sales made to National Accounts or customers referred by National Accounts will be subject to the terms of our agreement with that National Account, and you will be required to pay the National Account Fee described in Item 6.

National Account properties are considered excluded from the Franchisee's Territory, and Enrolled Franchisees are permitted to bid/work these accounts as per the Franchise Agreement. Enrolled Franchisees should expect that while we will make use of the Enrolled Franchisees to service National Account jobs/projects, we have the discretion to have those jobs/projects fulfilled by independent contractors or others based on prior working relationships, skill specialization, availability to perform work during restricted hours and for any other reason for the benefit of the customer and the system as a whole. We will not limit bidding on National Account work to the franchisee in whose territory the customer is located but will open bidding to include any franchisee or independent contractor who has the capability to perform the work of the job/project.

ITEM 13
TRADEMARKS

We grant you the right to operate the Business under the design mark “Appell” and the word mark “Appell”. You may also use our other current or future trademarks to operate your Business. The term “trademark” includes service marks, trade names, slogans, insignia, logos, labels and trade dress. We are the current licensee of the mark “APPELL” and the following Proprietary Mark, which is currently registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) as of the Issue Date of this Disclosure Document:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
 The logo for the word mark "Appell" features the word in a bold, black, sans-serif font. The final two letters, "ll", are replaced by two parallel, slanted yellow bars.	7097552	7/4/2023

The Proprietary Marks are owned by our affiliate company, Appell IP, LLC, which granted us a trademark license (the “Trademark License”) and exclusive right to use and franchise the principal trademark and associated trade names, trademarks, service marks, logotypes and other commercial symbols and copyrights and proprietary marks in the United States by and to Appell® franchisees. The Trademark License does not contain any significant limitations on our right to use or license the Proprietary Marks to you, and will continue for a term of 20 years, with the right to renew for additional consecutive periods of 10 years. If the Trademark License were to be terminated, Appell® franchisees would have the right to continue using the Proprietary Marks pursuant to the terms of their respective Franchise Agreements. Except as described above, as of the issuance date of this disclosure document, there are no other agreements that limit our right to use or license the Proprietary Marks.

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.

As of the Issue Date of this Disclosure Document, 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, as of the issuance date of this disclosure document, 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 words APPELL or any similar word/phrase.

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 employees, 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.

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, 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
a.	Length of the franchise term	2.1	Term is 5 years from effective date of the Franchise Agreement
b.	Renewal or extension of the term	2.2	You have the right to renew for one (1) additional five (5) year term, subject to meeting certain conditions.
c.	Requirements for franchisee to renew or extend	2.2.1 through 2.2.9	You must: (i) provide notice of your renewal no fewer than ninety (90) days and no greater than one hundred eighty (180) days prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Franchised Business at the Approved Location for the duration of the renewal term or, if you are unable to continue operating at the Approved Location, secure a substitute location that is acceptable to us; (iii) complete to our satisfaction, no later than ninety (90) days prior to expiration of

	Provision	Article in Franchise Agreement	Summary
			your then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business premises (whether or not a home office or storage space), as well as any updated to require hardware and software, as necessary to bring the Franchised Business and all equipment into full compliance with our then-current System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also have been in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers/vendors; (vi) execute our then-current form of franchise agreement, the terms of which may materially vary from the terms of your current Franchise Agreement; (vii) satisfy our then-current training requirements for renewing franchisees at your sole expense, if any, as of the date of such renewal; (viii) execute a general release in favor of us and our affiliates in the form we prescribe; and (ix) pay a renewal fee.
d.	Termination by Franchisee	Not Applicable.	Not Applicable.
e.	Termination by franchisor without cause	Not Applicable.	Not Applicable.
f.	Termination by franchisor with cause	15.1 through 15.4	We may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
g.	“Cause” defined—curable defaults	15.3	<p>The following are curable defaults under the Franchise Agreement, provided you cure the default within fifteen (15) days of our notice: (i) nonpayment of any sums due us, our affiliates or any of our System suppliers/vendors; (ii) your failure to immediately endorse and deliver to us any payments due us from any third party that are erroneously made to you; (iii) your failure to commence operations in the time period prescribed in Section 7.3 of the Franchise Agreement; (iv) your failure to maintain the prescribed months, days or hours of operations at the Franchised Business; (v) your failure to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual; and (vi) your failure to procure or maintain any licenses, certification or permits necessary for the operation of the Franchised Business.</p> <p>With the exception of the defaults listed above (Section 15.3) and those defaults listed in Sections 15.1 and 15.2 of the Franchise Agreement (see Item 17(h) below), you will have thirty (30) days to cure any other default under the Franchise Agreement, or any</p>

	Provision	Article in Franchise Agreement	Summary
			<p>period set forth in that agreement; (viii) your or your principals misuse of our Proprietary Marks or Confidential Information in any manner; (ix) your violation of any law, ordinance or regulation, as well as your operation of the Franchised Business in a manner that presents a health or safety hazard to Appell clients or the general public; (x) your violation of the any of the restrictive covenants set forth in the Franchise Agreement; (xi) if a levy or writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which are not released or bonded against within thirty (30) days; (xii) insolvency of you or your principals; (xiii) if you voluntarily or otherwise abandon the Franchised Business for a period of five (5) consecutive business days, or take any other action that constitutes an abandonment as defined in the Franchise Agreement; (xiv) if you offer any unauthorized or unapproved products or services at or from the Franchised Business; (xv) if you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xvi) you misuse, or make unauthorized use of, any Proprietary Software that we may develop; (xvii) your failure to maintain the required insurance or repay us for insurance we paid for you, or otherwise fail to comply with the requirements set forth in Section 9 of the Franchise Agreement; (xviii) if you fail, within fifteen (15) calendar days after notification of non-compliance by federal/state/local government authorities, to comply with any law or regulation applicable to the Franchised Business; (xix) if the government takes any action against you that results in an obligation upon us that we believe is uneconomical, not in our best interest, or which would result in having an unintended relationship or obligation; (xx) if you fail to comply with the anti-terrorism provision set forth in the Franchise Agreement (Section 22.7); (xxi) if you take any assets or property of the Franchised Business for personal use; and (xxii) if there are insufficient funds in your EFT bank account to cover any payment to Franchisor three (3) or more time in any twelve (12) month period.</p>
i.	Franchisee's obligations on termination/non-renewal	16	<p>Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Franchised Business; (ii) immediately pay all amounts owed to us, our affiliates and our major suppliers and vendors; (iii) immediately discontinue using the Proprietary Marks; (iv) within ten (10) days, return all proprietary materials, including the Operations Manual, confidential information and any other materials displaying our Proprietary Marks, to us and allow us and permanently cease all use of these materials; (v) immediately cease use of all telephone and facsimile numbers, and related listing, as well as any permitted domain names and/or social media pages, that were used in connection with the Franchised</p>

	Provision	Article in Franchise Agreement	Summary
			Business (collectively, the “Assigned Property”) and take all necessary steps to assign the Assigned Property to us or our designee; (vi) within ten (10) days, return all stationery, printer matter, signs, advertising materials and other items containing our Proprietary Marks; (vii) cease holding yourself or the Franchised Business out as part of our System; (viii) cease all contact with Appell clients; (ix) take all actions necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or Proprietary Mark, and furnish evidence to us that you have complied with this obligation within fifteen (15) days; (x) permit us to make a final inspection of your financial records, books and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; (xi) comply with your post-term restrictive covenants set forth in Section 17 of the Franchise Agreement; (xii) cease advertising or using in other any other manner any methods, procedures or techniques associated with us or the System; and (xiii) execute from time to time any necessary papers, documents, and assurances to effectuate Section 16 of the Franchise Agreement.
j.	Assignment of contract by franchisor	14.5	There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.
k.	“Transfer” by franchisee – defined	14.1 and 14.4	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	14.1 and 14.4	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.
m.	Conditions for franchisor approval of transfer	14.3.2.1 through 14.3.2.17	Our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) all of your accrued monetary obligations to us, our affiliates, suppliers, and vendors have been paid; (ii) you have cured all existing defaults under the Franchise Agreement, and any other agreement with us our affiliates and designated/approved suppliers, within the time period permitted for cure and have substantially complied with these agreements during their respective terms; (iii) you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release under seal in favor of us and our affiliates (including our officers, directors,

	Provision	Article in Franchise Agreement	Summary
			<p>shareholders and employees, in their corporate and individual capacities) in the form we prescribe; (iv) you or the transferee has provided us with a copy of the executed purchase agreement for the Franchised Business, as well as all other documents relevant to the transaction, and we agree to the terms of the agreement; (v) transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial and business standards to operate the Franchised Business, and also possesses good moral character, business reputation and credit rating; transferee has adequate financial resources and capital to perform under the Franchise Agreement; transferee is not in the same business as us as licensor, franchisor, independent operator or licensee of any other business that is similar to the Franchised Business, except that the transferee may be an existing Franchised Business franchisee; (vi) transferee must execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, and assume a full term as set forth in the then-current form of franchise agreement for new franchisees; (vii) you or transferee must pay us a transfer fee that is equal to the greater of \$5,000 or 10% of the sale price for the Franchised Business; (viii) transferee must satisfactorily complete our Initial Training Program at its own expense within the time frame we set forth; (ix) you, your principals and members of their respective immediate families must comply with the post-termination provisions of the Franchise Agreement; (x) transferee must obtain and maintain all permits and licenses required for the operation of the Franchised Business within the time limits we set; (xi) if you are operating from a lease location, the lessor of that location must approve the assignment of the lease to the transferee; (xii) the transfer must comply with any state and federal laws that apply to the transfer; (xiii) you must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (xiv) you must request that we provide the transferee with our current form of disclosure documents; and our approval of your transfer does not constitute a waiver of any claims we might have against you; (xv) our approval of your transfer does not constitute a waiver of any claims we might have against you; (xvi) we may disclose to any prospective transferee financial information concerning you and your Franchised Business which you have supplied to us under the Franchise Agreement; and (xvii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.</p> <p>You do not need to pay a transfer fee and our right of first refusal</p>

	Provision	Article in Franchise Agreement	Summary
		14.4	will not apply if you are an individual and you wish to transfer the Franchise Agreement to a corporation or limited liability company, provided the following conditions are met: (i) the business entity is newly organized and its activities are confined to operating the Franchised Business; (ii) you remain, at all times, the owner of at least fifty-one percent (51%) of the outstanding shares of the corporation or limited liability company; (iii) the business entity agrees to assume all of your obligations under the Franchise Agreement; and (iv) all stockholders of the corporation, or members of the limited liability company, personally guarantee all of the transferee entity's obligations under the Franchise Agreement will be performed.
n.	Franchisor's right of first refusal to acquire franchisee's interest	14.3.1	We have the right to match any bona fide third-party offer to buy your franchise rights, assets or controlling interest that is the subject of a proposed transfer (other than a transfer from an individual franchisee to a business entity as described in Section 14.4, or a transfer as a result of the death, permanent disability or incapacitation as set forth in Section 14.2). If the third party offers to buy your Franchised Business with property or other consideration, we will be entitled to offer cash or cash equivalents equal to the fair market value of the property or other consideration. We may exercise this right of first refusal within thirty (30) days of the date you provide us with a copy of the third-party offer and any other information that we request. If we do not exercise this option, you must complete the transfer to the third-party within sixty (60) days, subject to the conditions set forth in Section 14.3.2. Any material change in the terms of the offer shall be considered to be a new proposal subject to our right of first refusal.
o.	Franchisor's option to purchase franchisee's business	16.2	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 (60) calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within sixty (60) days of providing you with this notice.
p.	Death or disability of franchisee	14.2.1	Upon the death, disability, physical or mental incapacity of any person with an interest in the Franchise Agreement, the franchisee, or in all or substantially all of the assets of the Franchised Business, the personal representative of such person shall have the right to continue operation of the Franchised Business if: (i) within one hundred eighty (180) days from the death/disability/incapacity (the "180 Day Period"), the representative has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the franchise, or has otherwise furnished a

	Provision	Article in Franchise Agreement	Summary
		14.2.2	<p>personal guaranty of any business entity franchisee’s obligations to us and our affiliates; and (ii) this person successfully completes our then-current Initial Training Program, which will be provided at our then-current training tuition rate.</p> <p>We may, but are not obligated to, operate the Franchised Business during the 180-day period following the death/incapacity/disability, and we may pay ourselves a reasonable amount to reimburse us for providing management services and our other costs.</p>
q.	Non-Solicitation and Non-Competition covenants during the term	17.1	<p>During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals, Designated Managers, or any employee, nor any member of the their immediate families may directly or indirectly: (i) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers parking lot maintenance and striping products or services, or any other products and/or services authorized or offered for sale by System franchisees (“Competitive Business”), provided that Section 17.1.1 does not apply to your ownership of a Franchised Business under a Franchise Agreement with us; and/or (ii) solicit any current, former, or prospective Appell client solicited by your Franchised Business or any other Appell client that you become aware of as a result of access to our System and other franchisees, and attempt to provide such Appell client with competitive services.</p>
r.	Non-competition covenants after the franchise is terminated or expires	17.2	<p>For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, principals, or employees, nor any member of the immediate family of you or your owners, officers, directors, principals, or employees may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (i) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business within (a) the Territory, (b) a 25-mile radius of the Territory or (c) a 25-mile radius of any other protected territory franchised or licensed by us to a Appell Business or any Appell Business we operate, provided that this does not apply to your ownership of a Franchised Business under a Franchise Agreement with us; and/or (ii) solicit any current, former, or prospective Appell client solicited by your Franchised Business or any other Appell client that you have become aware of as a result of access to our System and other franchisees, for any competitive purpose.</p>

	Provision	Article in Franchise Agreement	Summary
s.	Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign.
t.	Integration/merger clause	22.1	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 and arbitration	18.2 18.3 18.3.1	<p>All claims arising under the Franchise Agreement must first be brought to our President or CEO to determine whether the dispute can be resolved by Internal Dispute Resolution at our corporate headquarters.</p> <p>At our option, any disputes and claims that are not resolved by Internal Dispute Resolution must, at our option, be submitted to mediation. The mediation will take place in Bay Shore, NY, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we or our affiliates elect to exercise the option to submit such claim or dispute to mediation.</p> <p>Franchisee may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail 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 us. Our right to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation, except that we will share the mediator’s fees with you equally. This agreement to mediate will survive any termination or expiration of the Franchise Agreement.</p> <p>The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in Section 18.3 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): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (ii) any claims pertaining to</p>

	Provision	Article in Franchise Agreement	Summary
			or arising out of any warranty issue; or (iii) any of the restrictive covenants contained in this Agreement.
v.	Choice of forum	Article 18.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Suffolk County, New York, or the United States District Court for the Eastern District of New York. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Suffolk County, New York, and the United States District Court for the Eastern District of New York (subject to state law).
w.	Choice of law	Article 18.1	The franchise agreement is governed by the laws of the State of New York (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.

HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION

As of December 31, 2024, there were a total of nine Appell® territories in operation, one affiliate-owned territory in operation and eight franchised territories in operation. The eight franchised territories in operation consist of: (a) one franchised territory owned and operated by one Florida franchisee; (b) two franchised territories owned and operated by one New Jersey franchisee; (c) four franchised territories owned and operated by one Georgia franchisee; and (d) one franchised territory owned and operated by one Pennsylvania franchisee. Two of the franchised territories first commenced operations in 2023 and the remaining six franchised territories first commenced operations in 2024. During the 2024 calendar year, we terminated one franchisee who was operating one territory in Ocala, Florida. The information presented in this Item 19 excludes this terminated franchisee.

The historical financial performance information presented in this Item 19 presents the following:

1. Tables 1-A and 1-B reflect: (a) the Gross Sales generated System-wide in connection with the performance of services for jobs generated through National Accounts during the 2023 and

2024 calendar years, broken down by state; and (b) the total number of jobs performed for National Accounts during the 2023 and 2024 calendar years, broken down by state.

2. We asked each of our franchisees and our affiliate to: (a) select one sample job generated from a local lead source and performed in the 2024 Calendar Year (the “Sample Local Job”) and one sample job generated from a National Account lead source and performed in the 2024 Calendar Year (“Sample National Account Job”); and (b) to provide to us certain requested data for the Sample Local Job and Sample National Account Job selected. Tables 2-A through 2-E reflect the data reported to us by the Reporting Outlets for the Sample Local Job selected and the Sample National Account Job selected.

The information presented in this Item 19 was reported to us by the Reporting Outlets and was not audited or independently verified.

Table 1-A: Total System-Wide Gross Sales Generated through National Account Jobs During the 2024 Calendar Year Broken Down by State

State	# of National Account Jobs During the 2024 Calendar Year	Total Gross Sales from National Account Jobs During 2024 Calendar Year
AK	3	\$44,615.50
AL	17	\$105,894.00
AR	3	\$21,670.00
AZ	56	\$429,865.63
CA	107	\$306,151.00
CO	25	\$83,828.00
CT	6	\$16,690.00
DE	1	\$3,750.00
FL	105	\$1,001,252.78
GA	28	\$282,342.00
IA	9	\$33,808.00
ID	1	\$14,960.00
IL	51	\$670,872.00
IN	24	\$112,321.00
KS	11	\$63,389.00
KY	31	\$258,557.00
LA	6	\$47,894.00
MA	8	\$19,776.00
MD	17	\$213,021.00
ME	3	\$30,466.00

State	# of National Account Jobs During the 2024 Calendar Year	Total Gross Sales from National Account Jobs During 2024 Calendar Year
MI	19	\$469,923.30
MN	24	\$118,044.00
MO	43	\$205,697.00
MS	2	\$4,980.00
MT	1	\$3,953.00
NC	24	\$194,693.00
ND	2	\$6,954.00
NE	18	\$57,095.00
NJ	26	\$131,278.34
NM	4	\$12,395.00
NV	18	\$34,524.00
NY	39	\$173,404.00
OH	65	\$320,061.00
OK	28	\$101,724.00
OR	17	\$71,749.00
PA	20	\$117,548.00
RI	1	\$9,875.00
SC	23	\$81,379.00
SD	4	\$73,849.00
TN	15	\$140,843.00
TX	92	\$859,204.92
UT	10	\$28,285.00
VA	20	\$194,216.00
VT	1	\$4,932.00
WA	16	\$161,107.01
WI	6	\$18,570.00
WV	2	\$131,694.00
WY	2	\$6,830.00
Grand Total	1054	\$7,495,930.48

Table 1-B: Total System-Wide Gross Sales Generated through National Account Jobs During the 2023 Calendar Year

State	# of National Account Jobs During the 2023 Calendar Year	Total Gross Sales from National Account Jobs During 2023 Calendar Year
AL	14	\$ 92,667.00
AR	4	\$ 38,444.00
AZ	29	\$ 63,611.00
CA	91	\$ 276,144.00
CO	20	\$ 58,173.00
CT	20	\$ 26,040.00
FL	79	\$ 398,813.00
GA	20	\$ 187,532.00
IA	8	\$ 35,920.00
IL	31	\$ 122,637.00
IN	6	\$ 19,158.00
KS	8	\$ 21,280.00
KY	29	\$ 223,914.90
LA	12	\$ 84,435.00
MA	7	\$ 47,799.00
MD	8	\$ 70,650.00
ME	3	\$ 107,406.00
MI	22	\$ 444,392.00
MN	34	\$ 286,699.00
MO	33	\$ 261,726.00
MS	6	\$ 31,322.00
NC	13	\$ 67,521.00
NE	16	\$ 40,653.00
NH	41	\$ 69,975.00
NJ	56	\$ 226,526.29
NM	1	\$ 1,600.00
NV	18	\$ 68,560.00
NY	141	\$ 536,914.00
OH	74	\$ 317,393.00
OK	25	\$ 91,578.00
OR	5	\$ 95,117.00
PA	26	\$ 219,304.00
RI	5	\$ 18,173.00

SC	18	\$	97,408.00
SD	2	\$	13,180.00
TN	12	\$	180,268.00
TX	29	\$	191,135.00
UT	6	\$	22,530.00
VA	21	\$	79,037.00
VT	1	\$	21,070.00
WA	15	\$	59,442.00
WI	10	\$	180,829.00
WV	2	\$	29,085.00
Grand Total	1021	\$	5,526,061.19

Tables 2-A through 2-E: Project Type, Gross Sales, Materials Cost, Labor Hours, Acquisition Cost, Royalty, Brand Fund, Gross Margin, Gross Margin Percentage for each of the Sample Local Jobs and Sample National Account Jobs Reported to Us

Table: 2-A - Affiliate Location (Long Island, New York)

Source	Project	Gross	Material Cost	Labor Hours	Labor Cost	Acquisition Cost	Royalty	Brand Fund	Gross Margin	Gross Margin %
Local	Striping	\$1,500	\$300	6	\$288.00	\$0	\$120.00	\$15.00	\$777.00	51.8%
National	Repair	\$1,750	\$193	10	\$405.00	N/A	\$262.50	\$17.50	\$872.00	49.8%

Table: 2-B – Franchised Location (Bergen County, New Jersey)

Source	Project	Gross	Material Cost	Labor Hours	Labor Cost	Acquisition Cost	Royalty	Brand Fund	Gross Margin	Margin %
Local	Striping	\$1,101	\$287	8	\$240	\$261	\$88.00	\$11	\$214.00	19.4%
National	Striping	\$1,462	\$380	12	\$360		\$219.30	\$14.62	\$488.08	33.3%

Table: 2-C – Franchised Location (Chester, Pennsylvania)

Source	Project	Gross	Material Cost	Labor Hours	Labor Cost*	Acquisition Cost	Royalty	Brand Fund	Gross Margin	Margin %
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Local	Striping	\$1,500	\$350	8		\$50	\$120.00	\$15.00	\$965.00	64.3%
National	Striping	\$1,250	\$350	8			\$187.50	\$12.50	\$700.00	56%

**Franchisee performed labor*

Table: 2-D – Franchised Location (Atlanta, Georgia)

Source	Project	Gross	Material Cost	Labor Hours	Labor Cost	Acquisition Cost	Royalty	Brand Fund	Gross Margin	Margin %
Local	Seal/Stripe	\$6,428.00	\$1,400	48	\$1,200	\$200.00	\$514.24	\$64.28	\$3,049.48	47.4%
National	Seal/Stripe	\$4,244.68	\$1,000	36	\$900		\$636.70	\$42.45	\$1,665.53	39.2%

Table: 2-E – Franchised Location (Sarasota, Florida)

Source	Project	Gross	Material Cost	Labor Hours	Labor Cost	Acquisition Cost	Royalty	Brand Fund	Gross Margin	Margin %
Local	Striping	\$4,025	\$575.00	22	\$620	\$250	\$322.00	\$40.25	\$2,217.75	55%
National	Seal/Stripe	\$3,500	\$1,290.00	18	\$507		\$525.00	\$35.00	\$1,143.00	32.6%

Notes:

1. General. As disclosed above, we asked each of our franchisees and our affiliate (the “Reporting Outlets”) to select one Sample Local Job and one Sample National Account Job performed in the 2024 Calendar Year; and (b) to provide to us certain requested data for the Sample Local Job and Sample National Account Job selected. Tables 2-A through 2-E reflect the data reported to us by the Reporting Outlets for the Sample Local Job each such Reporting Outlet selected and the Sample National Account Job each such Reporting Outlet selected.
2. Definitions:
 - a. “Project” means the type of services provided by the Reporting Outlet in connection with the local sourced job selected by the Reporting Outlet.
 - b. “Gross” means gross sales derived in connection with the single Sample Local Job and Sample National Job selected by each of the Reporting Outlets, as reported to us by the applicable Reporting Outlet.
 - c. “Material Cost” means the total cost of materials for each of the Sample Local Job and Sample National Job, as reported to us by each of the Reporting Outlets.
 - d. “Labor Hours” means the total number of hours worked on the Sample Local Job and Sample National Job, as reported to us by each of the Reporting Outlets.
 - e. “Labor Cost” means the total wages, salaries, bonuses and payroll taxes for all hourly employees and managers for the Sample Local Job and Sample National Job, as reported to us by each of the Reporting Outlets. Labor Costs DO NOT include any salaries or wages for owners or officers.
 - f. “Acquisition Cost” means the total cost incurred by the applicable Reporting Outlet to secure the Sample Local Job, as reported to us by each of the Reporting Outlets.
 - g. “Royalty” means the total royalty fees paid to us by the applicable Reporting Outlet for the Sample Local Job and Sample National Job, as reported to us by each of the Reporting Outlets.

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	3	+3
	2024	3	8	+5
Company-Owned or Affiliate-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	4	+3
	2024	4	9	+5

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2022, 2023 and 2024

State	Year	Number of Franchise Agreement Transfers
Totals	2022	0
	2023	0
	2024	0

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

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Florida	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	1	0	0	0	1

Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Pennsylvania	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	6	1	0	0	0	8

Table 4
Status of Company-Owned and Affiliate-Owned Outlets
For Fiscal Years 2022, 2023, and 2024

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
New York	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	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 Issuance Date of this Disclosure Document

State	Franchise Agreement Signed But Facility Not Opened	Projected Franchise Agreements to be Signed in the Next Fiscal Year	Projected Company Openings in the Next Fiscal Year By Us
State: Alabama (AL)	0	2	0
State: Arizona (AZ)	0	2	0
State: Louisiana (LA)	0	2	0
State: Utah (UT)	0	1	0
State: New Jersey	0	4	0
State: North Carolina (NC)	0	2	0
State: Florida (FL)	0	4	0
State: Texas (TX)	0	6	0

State	Franchise Agreement Signed But Facility Not Opened	Projected Franchise Agreements to be Signed in the Next Fiscal Year	Projected Company Openings in the Next Fiscal Year By Us
State: Ohio (OH)	0	4	0
State: Pennsylvania (PN)	0	2	0
State: Michigan (MI)	0	3	0
State: Minnesota (MN)	0	3	0
State: Kansas (KS)	0	2	
State: Missouri (MO)	0	2	
TOTAL	0	39	0

ITEM 21
FINANCIAL STATEMENTS

Exhibit A to this Disclosure Document contains our audited financial statements for the fiscal years ended December 31, 2023 and December 31, 2024 and our unaudited financial statements as of April 30, 2025. We have not been franchising for three or more years and, as a result, we cannot therefore provide all financial statements that would otherwise be required in this Item.

ITEM 22
CONTRACTS

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

- Exhibit B - Franchise Agreement (and exhibits attached thereto, listed below)
- Exhibit E – State Addenda to the FDD and Franchise Agreement
- Exhibit G – Sample Termination and Release Agreement
- Exhibit H – Franchisee Certification/Compliance Questionnaire

ITEM 23
RECEIPTS

Exhibit I of 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: Appell Franchising, LLC, 6 Willowbrook Avenue, Bay Shore, New York 11706, Attn: Bryan Appell.

EXHIBIT A
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

EXHIBIT C
FINANCIAL STATEMENTS

Attached as Exhibit C are our financial statements for Appell Franchising, LLC for the year ended December 31, 2024.

APPELL FRANCHISING, LLC

Financial Statements

As of December 31, 2024 and 2023 and
for the Year Ended December 31, 2024 and for the
Period February 22, 2023 (Date of Inception)
to December 31, 2023

Daryle W Yergler CPA, LLC
Certified Public Accountant
1395 S. Marietta Pkwy
Bldg 100 Suite 112
Marietta, GA 30067

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Daryle W Yergler CPA, LLC
1395 S. Marietta Pkwy
Bldg 100 Suite 112
Marietta, GA 30067
(770) 422 – 6000

Independent Auditor's Report

To the Members of:
Appell Franchising, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Appell Franchising, LLC, which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of income, changes in members' equity and cash flows for the year ended December 31, 2024 and for the period February 22, 2023 (date of inception) to December 31, 2023 and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Appell Franchising, LLC as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the year ended December 31, 2024 and for the period February 22, 2023 (date of inception) to December 31, 2023 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 Appell Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Appell Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Appell Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Appell Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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



Daryle W. Yergler CPA LLC

March 24, 2025

**APPELL FRANCHISING LLC
BALANCE SHEETS**

	<u>As of Dec. 31, 2024</u>	<u>As of Dec. 31, 2023</u>
ASSETS		
Current Assets:		
Cash	\$ 71,498	\$ 117,953
Accounts Receivable	3,073	-
Notes Receivable - Current Portion	36,000	6,000
Total Current Assets	<u>110,571</u>	<u>123,953</u>
NonCurrent Assets:		
Equipment Held for Resale	-	28,787
Notes Receivable - Noncurrent Portion	90,000	17,500
Due from Affiliated Companies	125,899	6,891
Total Noncurrent Assets	<u>215,899</u>	<u>53,178</u>
Total Assets	<u>\$ 326,470</u>	<u>\$ 177,131</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 12,228	\$ -
Accrued Expenses	-	-
Total Current Liabilities	<u>12,228</u>	<u>-</u>
Long-Term Liabilities:		
Due to Affiliated Companies	12,482	13,142
Total Long-Term Liabilities	<u>12,482</u>	<u>13,142</u>
Members' Equity	<u>301,760</u>	<u>163,989</u>
Total Liabilities and Members' Equity	<u>\$ 326,470</u>	<u>\$ 177,131</u>

See accompanying notes to the financial statement

**APPELL FRANCHISING LLC
STATEMENTS OF INCOME**

	<u>Year Ended Dec 31, 2024</u>	<u>For the Period Feb. 22, 2023 (Date of Inception) to Dec. 31, 2023</u>
Revenues		
Initial Fees on Franchise Sales	\$ 471,550	\$ 179,140
Franchise Royalties and Other Fees	101,520	13,279
Total Revenues	<u>573,070</u>	<u>192,419</u>
Operating Expenses		
Sales of Equipment Held for Resale	208,727	-
Advertising Expenses	63,665	10,934
Broker Fee	69,500	10,000
Professional Fees	38,741	8,198
Training Expenses	44,446	5,000
Travel Costs	14,372	-
General & Admin Expenses	8,440	4,299
Total Operating Expenses	<u>447,891</u>	<u>38,431</u>
Net Income (Loss)	<u>\$ 125,179</u>	<u>\$ 153,988</u>

See accompanying notes to the financial statements

APPELL FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Year Ended Dec 31, 2024	For the Period Feb. 22, 2023 (Date of Inception) to Dec. 31, 2023
Balance at Beginning of Period	\$ 163,988	\$ -
Net Income (Loss)	125,179	153,988
Member Contributions (Distributions)	12,593	10,000
Balance at End of Period	\$ 301,760	\$ 163,988

See accompanying notes to the financial statements

APPELL FRANCHISING LLC
STATEMENTS OF CASH FLOWS

	<u>Year Ended Dec 31, 2024</u>	<u>For the Period Feb. 22, 2023 (Date of Inception) to Dec. 31, 2023</u>
Cash Flows from Operations:		
Net Income (Loss)	\$ 125,179	\$ 153,988
Reconciliation of net income to net cash provided by (used in) operating activities:		
Net Change in Operating Assets/Liabilities	<u>37,942</u>	<u>(28,787)</u>
Net Cash Provided by Operating Activities	<u>163,121</u>	<u>125,201</u>
Cash Flows from Investing Activities:		
(Increase) Decrease in Notes Receivable	<u>(102,500)</u>	<u>(23,500)</u>
Net Cash (Used in) Investing Activities	<u>(102,500)</u>	<u>(23,500)</u>
Cash Flows from Financing Activities:		
Member Contributions	12,593	10,000
Net Change in Due to Affiliated Companies	<u>(119,669)</u>	<u>6,252</u>
Net Cash Provided by (Used in) Financing Activities	<u>(107,076)</u>	<u>16,252</u>
Net Increase (Decrease) in Cash	(46,455)	117,953
Cash at the beginning of the period	<u>117,953</u>	<u>-</u>
Cash at the end of the period	<u>\$ 71,498</u>	<u>\$ 117,953</u>

See accompanying notes to the financial statements

APPELL FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Appell Franchising LLC (the Company) is a limited liability company organized under the laws of the state of Utah on February 22, 2023. The Company's fiscal year-end is December 31. The Company was organized to engage in business as a franchisor. The Company's franchisees will provide advanced design, construction and maintenance services for commercial and public parking lots across the United States, including pothole repair, seal coating and striping.

- A. **Basis of Accounting:** For financial reporting purposes, the Company uses the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

- B. **Revenue Recognition:** The Company recognizes its franchise revenues in accordance with Statement of Financial Accounting Standards ASC 606, which allows that franchise fees from area franchise sales to be recognized, net of an allowance for uncollectible amounts, if the initial "franchise fee" is distinct from the franchise license. Franchise fees related to licenses are deferred over the life of the agreement. Other components of the fee are deferred and recognized as other obligations of the agreement or conditions relating to the sale have been substantially performed or satisfied by the Company. Generally, these services include training, support in approving franchisee's site selection and getting it ready for its intended use, preparation and distribution of manuals and similar material concerning operations, administration record-keeping, information technology, and advisory services.

Initial franchise fees are recognized as revenue when all material services and conditions have been substantially completed or satisfied and no other material conditions or obligations related to the determination of substantial performance exist. When these services, as defined above, are substantially complete prior to the franchisee beginning operations, revenue is generally recognized at a point in time, when the franchisee begins operations.

The Company collects royalties and other fees generally based on a percentage of the franchisees' sales. Such revenues are recognized at a point in time, when the franchisees' sales occur.

The Company sells materials and equipment to the franchisees prior to opening and then to support their ongoing operations. Revenues related to these sales are recorded at a point in time, generally when the property is delivered.

- C. **Accounts Receivable:** Accounts receivable consists of royalties and other fees due to the Company from its franchisees.

- D. **Equipment Held for Resale:** Equipment held for resale consists of equipment and materials purchased for resale to the franchisees, to be used in the operations of franchisees' businesses in order to serve their customers. Such purchases are recorded at cost.

- E. **Concentrations of Credit Risk:** Financial instruments which subject the Company to concentrations of credit risk include cash, accounts receivable and notes receivable. The Company maintains its cash in well-known financial institutions and monitors the financial stability of its franchisees.

APPELL FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

- F. **Fair Value Measurements:** The Company follows ASC 820-10, "Fair Value Measurements". ASC 820-10 provides a definition of fair value, establishes a framework for measuring fair value under Generally Accepted Accounting Principles ("GAAP") and requires expanded disclosure about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value and, therefore, does not expand the use of fair value in any new circumstance. The fair value of financial instruments to be classified as assets or liabilities including cash, accounts receivable and payable, and notes receivable approximate carrying value, principally because of the short maturity of those items.
- G. **Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the balance sheet, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.
- H. **Credit Losses:** On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including royalties and franchise fee receivables. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company adopted ASC 326 on a modified retrospective basis which did not have a material impact on the financial statements.

The estimate of expected credit losses under the CECL methodology is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. Historical loss experience is generally the starting point for estimating expected credit losses. Management then considers whether the historical loss experience should be adjusted for current conditions at the reporting date that did not exist over the period as well as forecasts about future economic conditions that are reasonable and supportable.

As of December 31, 2024 and 2023, the Company believes an allowance for credit losses for notes and accounts receivable is not necessary.

APELL FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

- I. **Income Taxes:** The Company is a limited liability company that is taxed as a partnership for federal and state income tax purposes. This election provides for the net income or loss of the Company to be reported on the personal tax returns of the members. Therefore, the Company pays no income tax on its profits and receives no benefit from its losses.

Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts ultimately due or owed.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

- J. **Advertising:** Advertising costs are expensed as incurred.

NOTE 2 – NOTES RECEIVABLE

The Company has financed the initial franchise fees charged to certain franchisees. Such notes generally require monthly payments at fixed amounts. The notes carry no stated interest rates.

NOTE 3 – FRANCHISEE CONCENTRATION

During 2024, the Company's revenues were derived from five franchisees. Revenues from one franchisee accounted for 46% of total revenues during the year.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company advances funds to and borrows funds from affiliated companies. Such amounts are not secured, carry no stated interest rates and have no stated repayment terms.

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 24, 2025, the date the financial statements were available to be issued.

**EXHIBIT C
FINANCIAL STATEMENTS**

Attached as Exhibit C is our financial statements for Appell Franchising, LLC as of December 31, 2023 and for the period February 22, 2023 (date of inception) to December 31, 2023.

APPELL FRANCHISING, LLC

Financial Statements

**As of December 31, 2023 and for the Period
February 22, 2023 (Date of Inception) to
December 31, 2023**

**Daryle W Yergler CPA, LLC
Certified Public Accountant
1395 South Marietta Pkwy
Bldg 100, Ste 112
Marietta, GA 30067**

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Daryle W Yergler CPA, LLC
1395 South Marietta Pkwy
Bldg 100, Suite 112
Marietta, GA 30067
(770) 422 – 6000

Independent Auditor's Report

To the Members
Appell Franchising LLC
Bay Shore, NY

Report on the Audit of the Financial Statement

Opinion

We have audited the financial statements of Appell Franchising LLC which comprise the balance sheet as of December 31, 2023 and the related statements of income, changes in members' equity and cash flows for the period February 22, 2023 (date of inception) to December 31, 2023 and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Appell Franchising LLC as of December 31, 2023 and the results of its operations and its cash flows for the period February 22, 2023 (date of inception) 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 Appell Franchising LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Appell Franchising LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Appell Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Appell Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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



Daryle W. Yergler CPA LLC
April 19, 2024

**APPELL FRANCHISING LLC
BALANCE SHEET**

**As of
Dec. 31, 2023**

ASSETS

Current Assets:

Cash	\$	117,953
Notes Receivable - Current Portion		<u>6,000</u>
Total Current Assets		<u>123,953</u>

Non-Current Assets

Notes Receivable - Non-Current Portion		<u>17,500</u>
Total Current Assets		<u>17,500</u>

Fixed Assets:

Furniture & Equipment		28,787
Less: Accumulated Depreciation		<u>0</u>
Net Fixed Assets		<u>28,787</u>

Intangible Assets:

Total Assets	\$	<u><u>152,740</u></u>
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LIABILITIES AND MEMBERS' EQUITY

Current Liabilities:

Accounts Payable	\$	-
Due to Related Companies		<u>6,252</u>
Total Current Liabilities		<u>6,252</u>

Long-Term Liabilities:

Loan From Member		<u>-</u>
Total Long-Term Liabilities		<u>-</u>

Members' Equity:

Member Contributions		10,000
Retained Earnings		153,988
Net Income		<u>-</u>
Total Members' Equity		<u>163,988</u>

Total Liabilities and Members' Equity	\$	<u><u>170,240</u></u>
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See accompanying notes to the financial statements

APPELL FRANCHISING LLC
STATEMENT OF INCOME

For the Period of Feb. 22,
2023 (Date of Inception) to
Dec. 31, 2023

Revenues	
Franchise Sales	\$ 179,140
Franchise Royalties and Fees	13,279
Total Revenues	<u>192,419</u>
Operating Expenses	
Advertising Expenses	10,934
Broker Fee	10,000
Professional Fees	8,198
Training Expenses	5,000
General & Admin Expenses	4,299
Total Operating Expenses	<u>38,431</u>
Net Income (Loss)	<u>\$ 153,988</u>

See accompanying notes to the financial statements

APPELL FRANCHISING LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY

	<u>For the Period of Feb. 22, 2023 (Date of Inception) to Dec. 31, 2023</u>
Balance at February 22, 2023	\$ -
Net Income (Loss)	153,988
Member Contributions	<u>10,000</u>
Balance at December 31, 2023	<u>\$ 163,988</u>

See accompanying notes to the financial statements

**APPELL FRANCHISING LLC
STATEMENT OF CASH FLOWS**

For the Period of Feb. 22,
2023 (Date of Inception) to
Dec. 31, 2023

Cash Flows from Operations:

Net Income	\$	153,988
Reconciliation of net income to net cash provided by (used in) operating activities:		
Amortization Expense		-
Net Change in Operating Assets/Liabilities		6,251
Net Cash Provided by (Used In) Operating Activities		160,239

Cash Flows from Investing Activities:

Increase in Notes Receivable		(23,500)
Purchase of Furniture and Equipment		(28,787)
Net Cash Provided by (Used in) Investing Activities		(52,287)

Cash Flows from Financing Activities:

Member Contributions		10,000
Proceeds from Borrowings		-
Net Cash Provided by (Used in) Financing Activities		10,000

Net Increase in Cash		117,953
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Cash at the beginning of the period		-
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Cash at the end of the period	\$	117,953
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See accompanying notes to the financial statements

APPELL FRANCHISING LLC
NOTES TO FINANCIAL STATEMENT

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Nature of Operations:** Appell Franchising LLC (the Company) is a limited liability company organized under the laws of the state of Utah on February 22, 2023. The Company's fiscal year-end is December 31. The Company was organized to engage in business as a franchisor. The Company's franchisees will provide advanced design, construction and maintenance services for commercial and public parking lots across the United States, including pothole repair, seal coating and striping.
- B. **Basis of Accounting:** For financial reporting purposes, the Company uses the accrual basis of accounting.
- C. **Concentrations of Credit Risk:** The Company deposits its cash in high quality financial institutions. Its deposits have not exceeded federally insured limits.
- D. **Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.
- E. **Income Taxes:** The financial statement does not include any tax assets or liabilities because the Company does not incur federal or state income taxes. Instead, its earnings, losses and tax credits are included in the members' income tax returns.
- F. **Fair Value Measurements:** The Company follows ASC 820-10, "Fair Value Measurements". ASC 820-10 provides a definition of fair value, establishes a framework for measuring fair value under Generally Accepted Accounting Principles ("GAAP") and requires expanded disclosure about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value and, therefore, does not expand the use of fair value in any new circumstance. The fair value of financial instruments to be classified as assets or liabilities including cash approximate carrying value, principally because of the short maturity of those items.
- G. **Fixed Assets:** Expenditures for vehicles and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally ranging from 3-5 years.

NOTE 2 – RELATED PARTY TRANSACTIONS

The company has paid for training and broker fees to owners. Two of the franchise sales are to a related party. Total franchise sales and royalty fees of \$192,419, as shown in the accompanying statement of income, \$140,900 related to sales with franchisees who are related parties.

NOTE 3 – NOTE RECEIVABLE

In 2023, the Company financed the sale of a franchise. The note requires monthly payments of \$500. There is no stated interest rate. No allowance for doubtful accounts has been established as management believes the amount due is collectible.

NOTE 4 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 19, 2024, the date the financial statements were available to be issued.

Form F – Consent of Accountant

CONSENT

Daryle W Yergler CPA, LLC consents to the use in the Franchise Disclosure Document issued by Appell Franchising, LLC ("Franchisor") on April 19, 2024, as it may be amended, of our report dated April 19, 2024, relating to the financial statement of the Franchisor as of December 31, 2023.

Daryle W Yergler CPA, LLC

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Balance Sheet

Appell Franchising LLC

As of April 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
Appell Franchising C (6930) - 1	136,159.05
Cash	
Total for Bank Accounts	\$136,159.05
Accounts Receivable	
Accounts Receivable (A/R)	110,657.16
Total for Accounts Receivable	\$110,657.16
Other Current Assets	
Payments to deposit	
Total for Other Current Assets	0
Total for Current Assets	\$246,816.21
Fixed Assets	
Tools, machinery, and equipment	0
Chester Franchisee	
Marietta Franchisee	
North Jersey Franchisee	
Sarasota Franchisee	
Total for Tools, machinery, and equipment	0
Total for Fixed Assets	0
Other Assets	
Due to/from APLS Franchising	6,891.00
Notes Receivable	126,000.00
Total for Other Assets	\$132,891.00
Total for Assets	\$379,707.21
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	13,918.80
Total for Accounts Payable	\$13,918.80
Credit Cards	
Other Current Liabilities	
Other Liabilities	
Total for Other Current Liabilities	0
Total for Current Liabilities	\$13,918.80

Balance Sheet

Appell Franchising LLC

As of April 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Long-term Liabilities	
Due to/from Appell Striping	-141,773.04
Total for Long-term Liabilities	-\$141,773.04
Total for Liabilities	-\$127,854.24
Equity	
Members Equity	422,167.23
Net Income	85,394.22
Total for Equity	\$507,561.45
Total for Liabilities and Equity	\$379,707.21

Profit and Loss

Appell Franchising LLC

January 1-April 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
Services	500,433.37
Wheel it Off Reimbursement	-400.00
Total for Income	\$500,033.37
Cost of Goods Sold	
Cost of goods sold	0
Subcontractor expenses	127,634.79
Total for Cost of goods sold	\$127,634.79
Equipment - Ohio	70,587.94
Equipment - West Houston	36,432.58
Total for Cost of Goods Sold	\$234,655.31
Gross Profit	\$265,378.06
Expenses	
Advertising & marketing	65,658.94
Commissions & fees	63,075.10
Conferences	3,372.10
Filing Fee	25.00
Meals	474.66
Office expenses	438.44
Professional Fees	61,148.87
QuickBooks Payments Fees	448.21
Travel	10,422.65
Total for Expenses	\$205,063.97
Net Operating Income	\$60,314.09
Other Income	
FastPay Royalty	4,919.27
National Royalty	20,160.86
Total for Other Income	\$25,080.13
Other Expenses	
Net Other Income	\$25,080.13
Net Income	\$85,394.22

EXHIBIT B
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

APPELL FRANCHISING, LLC
FRANCHISE AGREEMENT



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EXHIBITS

Exhibit A – Personal Guaranty

Exhibit B – Conditional Assignment of Franchisee's Telephone Numbers, Facsimile
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Exhibit C – Confidentiality and Restrictive Covenant Agreement

Exhibit D – Electronic Funds Withdrawal Authorization

Exhibit E – Promissory Note

DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

Protected Territory: _____

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: _____

**The terms of this Data Sheet are incorporated into the attached.
Franchise Agreement.**

APPELL FRANCHISING, LLC
FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT (the “Agreement”) is entered into and made effective this _____ day of _____, 20____, by and between Appell Franchising, LLC, a Utah limited liability company with an address at 6 Willowbrook Avenue, Bay Shore, NY 11706 (Franchisor”) and _____, a _____ with an address at _____ (“Franchisee”).

RECITALS

A. Franchisor and its affiliate have developed a system related to the establishment, development and operation of businesses focused on providing proprietary lot maintenance and line striping products and services, primarily for commercial spaces as well as industrial, office and residential spaces and other products and services Franchisor may authorize for sale in the future.

B. Franchisor is engaged in the business of granting qualified persons the right to operate a single Franchised Business within a defined geographical territory.

C. Franchisee desires to enter into an agreement with Franchisor to obtain the right and undertake the obligation to operate a Franchised Business using our proprietary lot maintenance and line striping product (the “Proprietary Product”) and our proprietary systems, methods, know how, computer software programs, and other associated trade secrets with respect to the Appell Business (the “Franchise System”).

D. The System is identified by proprietary trademarks, service marks, trade dress, logos and other indicia of origin including, without limitation, the primary mark “APPELL” (word mark), “APPELL” (design mark) and all other marks designated by Franchisor or otherwise associated with the System (collectively, the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall later be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and used for the benefit of Franchisor, its affiliates and System franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor may continue to develop, expand, use, control, and add to the Proprietary Marks and System.

F. Franchisee has applied to Franchisor for a franchise to operate a Franchised Business and such application has been approved by Franchisor in reliance upon all the representations made therein.

G. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of its Franchised Business and to the operations of the System.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a license to establish and operate one Franchised Business in the Protected Territory (as identified on the Data Sheet and defined in Section 1.2 below), and the right to use the System and Proprietary Marks in the operation of the Franchised Business. 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.

1.2 **Protected Territory.** Except as otherwise provided in this Agreement and for so long as Franchisee is not in default of this Agreement, Franchisor shall not establish and operate, nor license any other third-party the right to establish and operate, any Franchised Business under the System and the Proprietary Marks within the protected area identified in the Data Sheet (the "Protected Territory"), the terms of which are incorporated herein by reference, during the term of this Agreement. Franchisor and its affiliates retain all other rights, including without limitation, those rights set forth in Sections 1.4 through 1.6 of this Agreement. Franchisee is permitted to conduct the Franchised Business outside of the Protected Territory provided that: (a) there is no other franchisee in that area; (b) the customer initiates the contact with Franchisee; (c) Franchisee receives Franchisor's express written consent; (d) no more than 50% of Franchisee's total annual Gross Sales are derived from customers located outside of the Protected Territory; and (e) Franchisee follows all off-site policies and procedures in the Manuals. Other than these operations, Franchisee is not permitted to operate the Franchised Business outside of the Protected Territory without Franchisor's prior written consent. Franchisee may not directly market to or solicit customers whose principal residence or business is outside of the Protected Territory. All sales and other activities conducted within or outside the Protected Territory must be conducted in accordance with the terms of this Agreement and Franchisor's operating methods, standards and specifications as set forth in Franchisor's operations manual.

If Franchisee is unable or elects not to provide services to a National Account customer in conformity with the terms and conditions of a National Account contract, Franchisor shall have the right, exercisable in its sole discretion, to: (i) provide, directly or through any other licensee or franchisee utilizing the Proprietary Marks, services to the National Account customer location(s) within the Protected Territory, or (ii) contract with another party to provide such services to the National Account customer location(s) within the Protected Territory. Neither the direct provision by Franchisor (or a franchisee, licensee, or agent of Franchisor) of services to National Account customers, nor Franchisor's contracting with another party to provide such services, shall constitute a violation of this Section 1.2 of this Agreement relating to the Protected Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Protected Territory pursuant to this Section.

Upon the occurrence of any breach of this Section 1.2, Franchisee must immediately upon receiving notice from Franchisor remit to Franchisor all revenue received from the provision of any work giving rise to such a breach. Any second or subsequent failure to comply with these territorial restrictions will immediately result, in Franchisor's sole discretion, in: (i) termination of the Franchise Agreement without further notice or opportunity to cure; (ii) removal of exclusivity from

all or a portion of the Protected Territory; or (iii) mandatory Remedial Training for Franchisee, its management and/or any key role personnel Franchisor designates to attend.

1.3 Approved Location. Franchisee may operate the Franchised Business only at the approved location identified in the Data Sheet (the “Approved Location”). Franchisee may operate the Franchised Business from a home office, provided that Franchisee has a quiet and organized work space. Additionally, Franchisee will need between 250 square feet to 2,000 square feet, to properly store and maintain the Franchise Business’s inventory and equipment. If Franchisee has such storage capabilities at home or an existing business, then Franchisee does not need to acquire dedicated storage. If Franchisee does not have sufficient storage capabilities at home or an existing business, Franchisee is permitted to rent storage space, but Franchisee is expected to do so in a public storage facility or private garage. Franchisor may permit or require Franchisee to operate the Franchised Business from a separate office space if: (i) Franchisee’s primary residence is not located within the Protected Territory; (ii) Franchisor determines that Franchisee is not operating its Franchised Business in a professional and organized manner from Franchisee’s home office; or (iii) Franchisee submits a request in writing to operate the Franchised Business from an existing business office or a separately leased office space and the proposed office space meets Franchisor’s then-current standards for a separately leased office space. Franchisor reserves the right, but not the obligation, to review, inspect and approve Franchisee’s proposed rented storage space that Franchisee will dedicate for the operation of the Franchised Business. Franchisee may not relocate the Franchised Business without Franchisor’s prior written consent.

1.4 Reservation of Rights. Franchisee acknowledges and agrees that Franchisor and any parties Franchisor designates will have the right to: (i) establish and operate, and license third parties the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) 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, including businesses that offer products or services that are similar to those provided by a Franchised Business, within or outside the Protected Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; and (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under this Agreement.

1.5 Alternate Channels of Distribution. Franchisee acknowledges and agrees that certain of Franchisor’s or its affiliates’ products and services, whether now existing or developed in the future, may be distributed in Franchisee’s Protected Territory by Franchisor, Franchisor’s affiliates, or other third parties that Franchisor designates, in such manner and through such alternative channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternative channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products or services as described in this Section 1.5; or (ii) to share in any of the proceeds received by any such party therefrom.

1.6 National Accounts. Franchisor will have the exclusive right, on behalf of itself, its affiliates, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to “National Accounts,” including

National Accounts that Franchisee has solicited. Franchisee may not solicit any National Accounts outside of Franchisee's Protected Territory or solicit any National Accounts within or outside of the Protected Territory who are already under contract with Franchisor. The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or perform construction projects in more than one designated territory, regardless of the volume of services or referrals. Any dispute as to whether a particular business is a National Account will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. Franchisee's compensation for sales made to National Accounts or customers referred by National Accounts will be subject to the terms of Franchisor's agreement with such National Account, and Franchisee shall be required to pay the National Account Fee set forth in Section 3.14 of this Agreement.

1.6.1 **Franchisor Programs.** In addition to complying with Franchisor's standards and specifications regarding National Accounts, Franchisee is required to participate in and comply with Franchisor's standards and specifications with respect to any System-wide programs designated by Franchisor ("Franchisor Programs"). Franchisor reserves the right to change its standards and specifications with respect to Franchisor Programs, to create new Franchisor Programs, and to discontinue existing Franchisor Programs, in its sole discretion.

2 TERM AND RENEWAL

2.1 **Term.** The initial term of the Franchise is for a period of five (5) years, which will commence on the date Franchisor executes this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for one (1) successive, additional five (5) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days, and no more than one hundred and eighty (180) days, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, and any updates to required equipment, hardware and software necessary to bring the Franchised Business into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement (which may include, without limitation, increased royalty and other fees and insurance requirements).

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees, if any, at Franchisee's sole expense;

2.2.8 Franchisee and its principals execute a general release in the form Franchisor prescribes; and

2.2.9 Franchisee pays a renewal fee of two thousand five hundred dollars (\$2,500) and satisfies the conditions stated in this Section.

3 FEES AND MANNER OF PAYMENT

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor a lump sum initial franchise fee equal to five thousand dollars (\$5,000) plus \$.10 for each person in the Territory for a new Franchised Business. As more described in Item 5 of the Franchise Disclosure Document, Territories will range from approximately 300,000 to 500,000 people.

3.2 **Royalty.** Franchisee must pay Franchisor a royalty fee (the "Royalty"), either (a) deducted via Electronic Funds Transfer ("EFT") on the 5th day of each month, or (b) paid via an automatic debit functionality of Franchisee's POS System at the time payment for a particular job is processed. Franchisor reserves the right to modify the interval or manner in which Franchisee must pay the Royalty. The Royalty is payable after the Franchised Business opens and commences operating. The minimum monthly Royalty will be the greater of (a) 8% of the Gross Sales of the Franchised Business during the preceding month, or (b) \$500 per month.

3.2.1 *Definition of Gross Sales.* "Gross Sales" shall include all revenue from the sale of all products and performance of services from the Franchised Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that Franchisee receives from third-party vendors/suppliers. The term Gross Sales does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if these taxes are stated separately when the customer is charged and Franchisee must pay these amounts as and when due to the appropriate taxing authority. Also excluded from Gross Sales are the amount of any documented refunds, chargebacks, credits and allowances given to customers in good faith. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee.

3.2.2 *Gross Sales Report.* Franchisee must send Franchisor a Gross Sales Report detailing Franchisee's Gross Sales from the preceding calendar month, along with Franchisee's calculated Royalty, Fund Contribution (if appropriate) and other information that Franchisor reasonably requires (the "Gross Sales Report") on or before the 4th day of each calendar month if Franchisor is unable to access that information through the POS System.

3.3 Method of Payment. Franchisee will pay the Initial Franchise Fee directly to Franchisor at the time the Franchise Agreement is executed. The Royalty and Brand Fund Contribution may be either (a) deducted via EFT on the 5th day of each month, or (b) paid via an automatic debit functionality of Franchisee's POS System at the time payment for a particular job is processed. Franchisee shall pay all other fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program" also referred to as the automated clearing house or "ACH"), under which Franchisor electronically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT Account"). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into the EFT Account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Franchisee shall also sign and provide to Franchisor and Franchisee's bank all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account. Franchisor reserves the right to change the manner or timing of payment from time to time in Franchisor's sole discretion.

3.4 Brand Fund Contribution. As set forth more fully in Section 12.3 of this Agreement, Franchisor has established a brand development fund for advertising and brand promotion (the "Brand Development Fund"). Franchisee will make a monthly Brand Fund Contribution of (a) one percent (1%) of the Gross Sales or (b) \$200.00, whichever is greater (the "Brand Fund Contribution"). Presently, Franchisor collects the Fund Contribution at the same time and in the same manner as the Royalty.

3.5 Technology Fee. Franchisee is required to license and use designated software from Franchisor or third-party suppliers, specified by Franchisor in the Operations Manual. The amount of software fees and the manner and timing of payment may change from time to time as Franchisor updates the Franchise System's software requirements. Additionally, Franchisor reserves the right to require Franchisee to pay Franchisor or Franchisor's designated vendor(s) a fee (which may be collected monthly, quarterly, or annually) associated with other technology requirements, including but not limited to maintaining required computer hardware and software, hosting and payment card processing services, hosting a call center and any other technology used in the operation of Franchisee's Appell Business, and such payment shall be made in the manner prescribed by Franchisor or the designated vendor(s), as applicable ("Technology Fee"). The Technology Fee must be paid monthly in the manner prescribed in Section 3.3, subject to Franchisor's right to alter the timing or manner of payment by providing Franchisee with written notice of any such change. Franchisor reserves the right to change the amount of the Technology Fee or incorporate additional technology fees as changes are made to the System's hardware, software and other computer requirements or as required by the third-party vendor(s) or by any regulatory agency.

3.6 Late Payments and Interest. Any late payment or underpayment of the Royalty, Brand Fund Contribution, or any other charges or fees Franchisee owes Franchisor or Franchisor's affiliates, will bear interest from the due date until paid at the lesser of one and one-half percent (1.5%) per month or the higher rate which may be charged for commercial transactions in the state where the Franchised Business is located. Nothing contained in this Section shall prevent Franchisor

from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement. Additionally, if any payments are not received when due, Franchisee will be charged a late fee of \$200/week payable each week on all delinquent payments due to us for more than thirty (30) days.

3.7 **Initial Marketing Kit.** Prior to opening the Franchised Business, Franchisee must purchase Franchisor's initial marketing kit, the cost of which is currently \$2,000.

3.8 **Initial Inventory and Equipment Package.** Prior to opening the Franchised Business, Franchisee is required to purchase certain proprietary materials and equipment from Franchisor that will be used in the operation of Franchisee's business. Specifically, Franchisee must purchase from Franchisor: (i) certain equipment that is used in connection with establishing the Franchised Business (the "Equipment Package"); and (ii) the initial stock of the Proprietary Product inventory (the "Initial Inventory"). Franchisee is required to purchase Franchisor's Proprietary Products on an ongoing basis as necessary to service Franchisee's customers. Franchisor may also require Franchisee to purchase additional items from Franchisor or Franchisor's affiliate as necessary to service Franchisee's customers.

3.9 **Annual Convention Fee.** Franchisor will hold an Annual Convention every year in which attendance is mandatory. Franchisor reserves the right to set the Annual Convention fee each year, which is not to exceed \$1,200 and must be paid whether or not Franchisee attends. The fee for the Convention will be withdrawn via electronic funds transfer ("EFT") at least 30 days before the Convention. Franchisee will be solely responsible for any expenses Franchisee and Franchisee's designated employees incur in attending this Convention, including travel, lodging, meals and employee wages.

3.10 **No Right to Set-Off.** Franchisee shall not be entitled to set off any payments required to be made under this Agreement against any monetary claim it may have against Franchisor.

3.11 **Taxes on Payments.** In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.12 **National Account Fee.** In addition to the Royalty Fee payable in connection with all Gross Sales, Franchisee is required to pay Franchisor a "National Account Fee" equal to between 15% and 20% of all Gross Sales solely in connection with revenue derived from the provision of services to National Account customers, as designated by Franchisor.

4 PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates in connection with the operation of the Franchised Business, and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the marketing and operation of the Franchised Business and only in the Protected Territory.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “TM,” “SM,” “S,” or “®,” as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee’s corporate or other legal name. Franchisee’s corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee’s corporate or limited liability company name either alone or followed by the initials “d/b/a” and the business name “APPELL” of [NAME OF GEOGRAPHIC REGION SERVICED], or another name that is approved by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee’s Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee’s Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the independent owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

4.1.5 Franchisee’s right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor’s rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor’s behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor’s ownership of, Franchisor’s right to use and to license others to use, or Franchisee’s right to use, the Proprietary Marks or Franchisor’s operations manual, proprietary software, or any other proprietary material (collectively the “Proprietary Material”). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of Franchisor’s rights to the Proprietary Material. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee’s use of the Proprietary Material. If Franchisor, in Franchisor’s sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor’s sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee’s use of the Proprietary Material, Franchisee shall execute any and all documents and do such acts as may, in Franchisor’s opinion, be necessary to carry out such defense

or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon 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, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in this Agreement, the license of the Proprietary Marks granted to Franchisee hereunder is non-exclusive and Franchisor retains the right, among others, to: (i) use the Proprietary Marks itself in connection with selling products and services; (ii) grant other licenses for the Proprietary Marks; and (iii) develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 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 Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within (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.

5 CONFIDENTIAL INFORMATION

5.1 **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 of Franchisor's trade secrets and confidential information, including the design and specifications of Franchisor's proprietary products or materials; Franchisor's

operations manual; price lists and standards and specifications for the products and services; standards and specifications related to Franchisor's proprietary software, and other methods, techniques and know-how concerning the of operation of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of the Franchised Business ("Confidential Information"). Franchisee may only divulge Confidential Information to Franchisee's employees who must have access to it in order to perform their employment obligations. Franchisee also acknowledges and agrees that certain information, including: (i) current customer and prospective customer names and addresses; (ii) information about credit extensions to customers; (iii) customer service purchasing histories; (iv) rates charged to customers; and (v) sources of suppliers, also constitute the trade secrets and Confidential Information of Franchisor. 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. 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 the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.

5.2 Employees. All of Franchisee's managers and employees must execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as Exhibit C to this Agreement. This agreement must include, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

5.3. New Concepts. If Franchisee, Franchisee's employees, or Franchisee's principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Material, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process, or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all jurisdictions and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

5.4 Customer Privacy. Franchisee agrees to adhere to the terms of Franchisor's customer privacy policies Franchisor may now or in the future develop. Franchisee may not divulge

personal information regarding any customers, except as necessary to operate the Franchised Business.

6 FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual.** Franchisor will loan Franchisee one copy of Franchisor's proprietary and confidential operations manual and any other manual or writing Franchisor may now or hereafter designate for use in operating the Franchised Business (collectively, the "Operations Manual"). Franchisee shall operate the Franchised Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate, or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that Franchisee's copy of the Operations Manual is current and up to date and keep a copy of the Operations Manual at the Approved Location. If there is a dispute relating to the contents of the Operations Manual, the master copy, which Franchisor maintains at Franchisor's corporate headquarters, will control. Franchisor reserves the right to disclose updates to the Operations Manual in writing in any manner, including electronic means such as e-mail, Franchisor's website, and any intranet or extranet that Franchisor establishes in connection with the System.

6.2 **Initial Supplies.** Franchisor will provide Franchisee with a list of all items and equipment needed to commence operation of the Franchised Business, along with Franchisor's proprietary list of approved suppliers for such items (as applicable). Franchisor reserves the right to require Franchisee to purchase all initial inventory items directly from Franchisor.

6.3 **Ongoing Assistance.** Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication or on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion.

6.4 **Call Center.** Franchisor reserves the right to establish and maintain a centralized call center for the purpose of accepting telephone inquiries from potential clients and forwarding such client information to the appropriate franchisee (the "Call Center"). Franchisee must comply with Franchisor's procedures for using the Call Center as Franchisor specifies in the Operations Manual or otherwise in writing, including any fees Franchisee must pay in connection with administering and maintaining this service.

6.5 **Additional Training.** As set forth more fully in Section 8.2 of this Agreement, Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses to provide additional information and/or updates regarding Franchisor's System and/or the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisor may require Franchisee and Franchisee's personnel to attend such additional training up to five (5) days per year at a location to be selected by Franchisor. All expenses, including Franchisee and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility. If training is conducted at Franchisee's Approved Location or

in Franchisee's Protected Territory, Franchisee will be responsible for all of Franchisor's employees' expenses to attend such training, including transportation, meal, and lodging expenses. Franchisor may also use an online training portal (the "Online Training Portal") to provide some of the ongoing/refresher training in the future. In the event Franchisor establishes such an Online Training Portal, Franchisor reserves the right to require Franchisee to pay a subscription fee to use the portal as part of Franchisee's ongoing training obligations. Franchisee is solely responsible for payment of any recurring subscription fees incurred in connection with the Online Training Portal, whether those fees are paid to Franchisor or its designee.

7 FRANCHISEE'S OBLIGATIONS

7.1 Site Location and Lease Approval. Franchisee may operate the Franchised Business from a home office or an existing office, provided that Franchisee has a quiet and organized workspace at home or the existing office. Additionally, Franchisee will need approximately 250 to 2,500 square feet of secure storage for inventory and equipment that meets Franchisor's specifications. If Franchisee has such storage capabilities at home or an existing office, then Franchisee does not need to acquire dedicated storage. If Franchisee does not have sufficient storage capabilities at home or an existing office, Franchisee is permitted to rent storage space, but Franchisee is expected to do so in a public storage facility or private garage. Franchisor may permit or require Franchisee to operate the Franchised Business from a separate office space if: (i) Franchisee's primary residence is not located within the Protected Territory; (ii) Franchisor determines that Franchisee is not operating its Franchised Business in a professional and organized manner from Franchisee's home office; or (iii) Franchisee submits a request in writing to operate the Franchised Business from a separately leased office space and the proposed office space meets Franchisor's then-current standards for a separately leased office space. Franchisor reserves the right, but not the obligation, to review, inspect and approve Franchisee's proposed office or lease for the Approved Location prior to execution. All costs of and connected with the design, construction, leasehold improvements, equipment, furnishings, fixtures, signs, and zoning compliance are Franchisee's responsibility.

7.1.1 Relocation. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent. If, for any reason, Franchisee cannot continue to operate the Franchised Business from the Approved Location, Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Protected Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisor may require Franchisee to reimburse Franchisor for its reasonable costs and expenses associated with evaluating Franchisee's relocation request and/or any locations proposed by Franchisee for relocation.

7.1.2 Franchised Business Appearance and Construction. If Franchisee is authorized to operate the Franchised Business from a separately leased space, the Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Approved Location and must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

7.2 **Training.** Franchisee must attend and successfully complete Franchisor's Initial Training Program as set forth more fully in Section 8 of this Agreement.

7.3 **Opening Requirements.** Franchisee shall open and commence operating the Franchised Business within one hundred and twenty (120) days following the effective date of this Agreement.

7.4 **Purchasing Requirements.**

7.4.1 *Compliance with Standards.* Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use the vehicle(s), furnishings, supplies, fixtures, equipment, computer hardware and software, product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.4.2 *Designated and Approved Suppliers.* Franchisee must use Franchisor's designated suppliers for the following: (i) Franchisor's proprietary products; (ii) Franchisor's proprietary computer software; (iii) equipment and supplies used at project sites; (iv) other materials and merchandise bearing the Proprietary Marks; and (v) any other products or services as Franchisor may designate from time to time in Franchisor's sole discretion. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase product samples and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from Franchisor or from approved or designated suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). Franchisee must use products and services purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate 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 on any products or services that Franchisor, Franchisor's affiliates or Franchisor's Approved Suppliers provide to Franchisee.

7.4.3 *Supplier Approval.* In the event Franchisee wishes to purchase any unapproved item, including inventory, or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor with 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. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of

their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of Approved Suppliers.

7.4.3.1 Franchisee shall reimburse Franchisor for any costs Franchisor incurs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, regardless of whether Franchisor subsequently approves the item or supplier.

7.4.3.2 Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee; 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 period, Franchisee's request will be deemed denied.

7.4.3.3 Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that proposed supplier executes Franchisor's prescribed form of non-disclosure agreement.

7.4.3.4 Each supplier that Franchisor approves must comply with Franchisor's requirements regarding insurance, indemnification, and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such supplier, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.

7.4.3.5 Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

7.4.4 *System Suppliers.* Franchisor may establish business relationships, from time to time, with suppliers who may produce or provide certain goods or services that Franchisee is required to purchase from that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, hardware, software, or equipment. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee expressly agrees to pay System Suppliers as and when due.

7.5 **Authorized Products and Services.** Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as may be specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee may only sell products to a client in conjunction with the services Franchisee provides to said client. Franchisee is prohibited from selling any products to a client unless Franchisee is also

simultaneously providing related services to said client, without first obtaining Franchisor's written authorization. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees.

7.6 Operations.

7.6.1 *Hours of Operation.* Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Operations Manual.

7.6.2 *Maintenance of Project Sites.* Franchisee must maintain all project sites in a clean, safe and organized manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.3 *Personnel/Staffing.* Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards, shall present a neat and clean appearance in conformance with Franchisor's reasonable standards, and shall render competent, efficient service to the customers of the Franchised Business.

7.6.4 *Compliance with Operations Manual and Training of Employees.* Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures, and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs that Franchisor has designed as part of Franchisor's System.

7.6.5 *Management Participation.* Franchisee (or one of Franchisee's principals if Franchisee is an entity, or a third-party designee if approved in writing by Franchisor) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. Franchisee may, however, delegate the day-to-day operation of the Franchised Business to a designated manager (the "Designated Manager"). Franchisee and the Designated Manager (if applicable) must successfully complete Franchisor's initial training program prior to hiring or operating the Franchised Business. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program as set forth in Section 8.1. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of this Agreement.

7.6.6 *Working Capital.* Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the Franchised Business in a businesslike, proper and efficient manner.

7.6.7 *Inventory.* Franchisee must at all times maintain sufficient levels of inventory, including but not limited to equipment and supplies used at project sites, as required by Franchisor to adequately meet consumer demand.

7.7 **Franchised Business Inspection.** Franchisee agrees that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor to inspect Franchisee's Franchised Business or attend a project site, confer with Franchisee and Franchisee's employees and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the system and evaluate Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections conducted by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

7.8 **Computer Software and Hardware.**

7.8.1 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (i) a laptop or other computer that meets Franchisor's 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; and (vii) Internet access mode and speed that meets our requirements; (collectively, the "Computer System").

7.8.2 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs that Franchisee must use in connection with any component of the Computer System (the "Required Software"), which Franchisee shall install at Franchisee's sole expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's sole expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System.

7.8.3 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and the Required Software. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

7.8.4 *Franchisor's Access.* Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right, at any time without notice, to electronically connect with Franchisee's Computer System to monitor or retrieve data stored on

the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section within thirty (30) days of opening the Franchised Business.

7.8.5 Proprietary Software. Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor (the "Proprietary Software"). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business, and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor's proprietary product and the information collected therefrom will be deemed Franchisor's Confidential Information.

7.8.6 Computer Network. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and Franchisee may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) electronically submit Franchisee's reports due under this Agreement to Franchisor; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor includes in the Operations Manual or otherwise in writing, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

7.9 Personal Conduct. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

7.10 Best Efforts. Franchisee must use best efforts to promote and increase the demand for the Franchised Business's services within the Protected Territory. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

7.11 Telephone and Email Access. Franchisee must obtain a telephone at Franchisee's expense that has access to e-mail, texting abilities, and is capable of downloading and using applications. Any telephone listing Franchisee has in any directory must be approved by Franchisor prior to publication. Upon the expiration, transfer, or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number(s) and listing(s) and assign same to Franchisor or Franchisor's designee. Franchisee must execute the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names attached as Exhibit B

to this Agreement. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

7.12 Payment of Debts. Franchisee is solely responsible for selecting, retaining, and paying Franchisee's employees, the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business, and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state, and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 Compliance with Applicable Laws. Franchisee is solely responsible for compliance with all laws and regulations applicable to the Franchised Business, despite any advice or guidance Franchisor may provide from time to time. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all laws and regulations relating to occupational hazards and health, trademark and copyright infringement, marketing practices, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA")). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.14 Trade Secrets and Confidential Information. Franchisee and all of its employees must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.15 Image. Franchisee acknowledges that Franchisor has developed the System to offer and sell products and services which will distinguish the Franchised Business from other competitive businesses. Franchisee agrees to offer products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor sets forth in order to uniformly convey the distinctive image of a Appell Franchised Business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationery and other products Franchisor designates

that are imprinted with Proprietary Marks and colors in the manner designated by Franchisor, as prescribed from time to time.

7.16 Pending Actions. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.17 Standard Maintenance and System Conformity. Franchisee agrees to update, repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, Required Software, and, to the extent Franchisee operates the Franchised Business from a separately leased office space, the Approved Location's furnishings, fixtures, decor, 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 update, remodel, re-equip, and otherwise refurbish the Computer System or Approved Location in the manner necessary to bring it into conformance with other businesses of the type Franchisor's franchisees are opening at the time of such direction. Franchisor may require Franchisee to update existing equipment or acquire additional equipment at any time, but Franchisor will not require Franchisee to replace the service vehicle used in connection with the Franchised Business more often than once every five (5) years. However, Franchisee must maintain and repair the service vehicle so that it always meets Franchisor's then-current standards and specifications.

8 TRAINING

8.1 Initial Training Program. Franchisee must attend, and complete to Franchisor's satisfaction, Franchisor's initial training program (the "Initial Training Program"). Franchisor will provide the Initial Training Program to this individual and one (1) additional individual. The Initial Training Program will be conducted at Franchisor's headquarters, or another location designated by Franchisor. The Initial Training Program must be completed before Franchisee opens the Franchised Business. Franchisor reserves the right to determine "training readiness" of franchisees before scheduling the program. All training related expenses, including Franchisee's and Franchisee's employees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. At the conclusion of the Initial Training Program, Franchisor, at its sole discretion, will either certify that Franchisee successfully completed the Initial Training Program, or require Franchisee to complete further training in order to be certified. If Franchisee has not completed the Initial Training Program to Franchisor's complete satisfaction, Franchisee will not be permitted to commence operations of the Franchised Business. Once Franchisee satisfies all pre-opening obligations, including completing the Initial Training Program to Franchisor's satisfaction, and Franchisee acquires its first project, Franchisor will provide Franchisee with additional on-site support for the first project.

8.1.1 Timing for Completion. Franchisee and its designated trainees must participate in and complete the Initial Training Program to Franchisor's satisfaction prior to opening the Franchised Business and within thirty (30) days from the effective date of this Agreement. In the event Franchisee does not complete the Initial Training Program to Franchisor's satisfaction within this timeframe, then Franchisor may terminate this Agreement immediately upon providing written notice to Franchisee.

8.1.2 *Replacement Personnel.* In the event Franchisee or Franchisee's designee fails to complete the Initial Training Program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, 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 or any Replacement Personnel to complete the Initial Training Program to Franchisor's satisfaction within the time period prescribed in Section 8.1.1 of this Agreement shall constitute a default of this Agreement and Franchisor may terminate the Agreement.

8.1.3 *Additional Employees.* In the event Franchisee wishes for more than two (2) people to participate in the Initial Training Program, Franchisor may provide the Initial Training Program to such additional persons, subject to the availability of Franchisor's personnel, and charge Franchisee its then-current training tuition fee. All training related expenses for Franchisee's additional personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

8.1.4 *Training Materials.* Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. It is Franchisee's sole responsibility to train its own personnel in accordance with System standards and specifications.

8.2 **Additional and Remedial Training.** To assist Franchisee in the operation of the Franchised Business, Franchisor may offer and/or require Franchisee and Franchisee's personnel to complete additional training programs or refresher courses.

8.2.1 *Routine Training.* From time to time, Franchisor may schedule additional and/or refresher training at Franchisor's headquarters or another designated location as part of its normal course of business to assist or update its franchisees on certain matters related to the System. In the event Franchisor schedules this type of additional training, Franchisor will not charge any training tuition fee for Franchisee and Franchisee's designated personnel to attend such training, provided: (i) the scheduled course has capacity for such persons to attend; (ii) Franchisor's training personnel are available to provide such training; and (iii) Franchisee is otherwise in substantial compliance with its obligations under this Agreement. Franchisor may require Franchisee and up to two (2) individuals to attend up to two (2) days of additional training under this Section each year. Franchisee will be solely responsible for its expenses associated with training described in this Section 8.2.1, including travel, lodging and meal expenses.

8.2.2 *On-Site and/or Other Training Requested By Franchisee.* Franchisor may also provide ongoing training on-site at the location of the Franchised Business, either at Franchisee's request or as Franchisor deems necessary in its sole discretion, subject to the availability and schedule of Franchisor's training personnel. In the event Franchisor provides such on-site training or any other additional training at Franchisee's request, Franchisor may charge Franchisee its then-current training tuition rate, and Franchisee will be required to reimburse Franchisor for its reasonable expenses associated with providing such training, including travel, lodging and meal expenses.

8.2.3 *Remedial Training.* In the event Franchisor determines that Franchisee is not operating the Franchised Business as required under the Franchise Agreement or in compliance with the System standards, Franchisor may require Franchisee to attend up to five (5) days of remedial training a year (in addition to any required training under Section 8.2.1). Franchisor has the right to schedule remedial training at its corporate headquarters or other designated training facility, or Franchisor may provide such training on-site at the Franchised Business. In either case, Franchisor may charge Franchisee its then-current tuition training fee to provide such remedial training.

8.2.4 *Costs and Expenses.* With respect to all training set forth in this Section 8.2, Franchisee is solely responsible for the expenses of Franchisee and Franchisee’s employees, including transportation to and from the training site and lodging, meals, and salaries during any such training.

8.3 **Online Training Portal.** Franchisor reserves the right to establish and maintain an Online Training Portal to provide certain aspects of the Initial Training Program set forth in Section 8.1, as well as components of Franchisee’s additional and/or remedial training (the “Online Training Portal”). In the event Franchisor establishes an Online Training Portal, Franchisor may require Franchisee to subscribe to this portal and pay Franchisor’s then-current subscription fee, which Franchisor may determine and modify as it deems advisable in its sole discretion.

9 INSURANCE

9.1 **Insurance Types and Amounts.** Franchisee shall procure and maintain, at its sole expense, such insurance covering the operation of the Franchised Business as Franchisor may designate from time to time. Franchisee must procure the required insurance prior to opening the Franchised Business or upon signing a lease agreement for the premises of the Franchised Business (if Franchisee is not operating from a home office) or upon signing an agreement at a storage facility (if Franchisee is not storing inventory and equipment at a home office), whichever comes first. The following limits are the minimum amounts required under this Agreement. Franchisor reserves the right to modify the minimum amounts upon written notice. If Franchisee is located in a jurisdiction or signs a lease or contract that requires a higher level of coverage than the amounts provided below, then Franchisee must obtain the higher level of coverage as required by the jurisdiction or the terms of the lease or contract. If Franchisee signs a lease or contract that does not require as much coverage, Franchisee must still purchase enough insurance to meet Franchisor’s requirements. The current minimum insurance requirements are as follows:

Type:	Coverage Amount	How Rated:
General Liability	\$1,000,000	Per Occurrence
	\$1,000,000	Damage to Rented Premises per Occurrence
	\$2,000,000	In the Aggregate
Care, Custody and Control/Damage to Customer Goods*	\$ 2,500	Per Occurrence
Employment Practices Liability	\$ 10,000	Per Occurrence

Products Comprehensive (Products Completed Operations)*	\$2,000,000	In the Aggregate
Workers' Compensation, Unemployment and Disability Insurance	As required by law	Per Employee
Personal and ADV Injury*	\$1,000,000	Per Person
Medical/Personal Injury Ins.	\$ 5,000	Not less than per Occurrence
Business Interruption Ins.	\$ 20,000	Not less than Per Month
Equipment Rider	\$ 25,000 (Minimum)	Per Occurrence
Optional: Electronic Data Equipment and POS	\$ 30,000	Per Occurrence
Optional: Valuable Papers	\$ 10,000	Per Occurrence
Optional: Comprehensive Crime & Employee Dishonesty Insurance	\$ 30,000	Per Occurrence
Commercial Automobile Liability Insurance per vehicle (If automobile is owned, non-owned, rented, scheduled or hired by the business)**	\$1,000,000	Per Person
	\$1,000,000	Per Accident
	\$ 500,000	Per Occurrence
	\$1,000,000	General Liability per Occurrence

9.1.1 Franchisee must name Franchisor (Appell Franchising, LLC) as additional insured on all required policies listed above;

9.1.2 Such insurance as necessary to provide coverage under the indemnity provisions set forth in this Agreement.

9.2 **Insurance Rating, Approval, and Certification.** All insurance carriers must be approved by Franchisor 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. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by any of Franchisee's lenders or equipment lessors and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary to any policy or policies held by Franchisor or its affiliates.

9.3 **Additional Insureds.** Franchisee must add Franchisor and any other parties Franchisor may designate to all insurance contracts as additional insureds under the insurance policies at Franchisee's expense. All insurance policies will contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates.

9.4 **Claims Cancellation.** Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours. Franchisee has a twenty-

four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) days' prior written notice from the insurance carrier to Franchisor.

9.5 **Failure to Maintain Insurance.** If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and an administrative fee equal to eighteen percent (18%) of the premium cost incurred in connection with Franchisor obtaining the insurance.

9.6 **Modification of Requirements.** Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10 FINANCIAL RECORDS AND REPORTS

10.1 **Reporting.** Franchisee must maintain, for at least five (5) fiscal years from their preparation, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and must provide Franchisor, at Franchisor's request, with:

10.1.1 Gross Revenue Reports in the interval and manner as specified by Franchisor;

10.1.2 within thirty (30) days after the end of each calendar quarter, a balance sheet and profit and loss statement for that quarter and Franchisee's fiscal year to date;

10.1.3 within sixty (60) days after the end of Franchisee's fiscal year, a balance sheet, income statement and statement of cash flow of the Franchised Business for that fiscal year, prepared in accordance with generally accepted accounting principles in the format Franchisor prescribe from time to time; and

10.1.4 any other data, information and supporting records that Franchisor designates from time to time, including any and all reports required in the Operations Manual.

10.1.5 Any quarterly and annual financial information that Franchisee submits must be certified as correct by Franchisee or, if Franchisee is a corporation, partnership, or limited liability company, by one of Franchisee's principal officers. Franchisee's fiscal year shall be the calendar year unless Franchisee obtains Franchisor's prior written consent to have a different fiscal year end. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access, and Franchisee must take any actions as may be reasonably required to ensure that Franchisor has such access.

10.2 **Tax Returns.** In addition to the information and materials set forth in Section 10.1, Franchisee agrees to maintain, and furnish to Franchisor upon request, complete copies of all federal, state, and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business.

10.3 **Right to Disclose Information.** Franchisor has the right to disclose data derived from the reports Franchisee furnishes without identifying Franchisee or the location of the Franchised Business, and to use such data in Franchisor's Franchise Disclosure Document.

11 BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of the Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Royalty or Brand Fund Contribution by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

12 ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally.** With regard to advertising generally for the Franchised Business, Franchisee will only use or display the advertising materials Franchisor approves in writing. If Franchisee wishes to use any advertising or promotional materials other than those currently approved for use by System franchisees, then Franchisee must submit Franchisee's proposed materials to Franchisor for approval at least twenty (20) days prior to their intended use. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of the proposed materials within ten (10) days of the date such materials are received. If Franchisee does not receive Franchisor's written approval within ten (10) days, the proposed materials shall be deemed disapproved. Once approved, Franchisee may use the materials for period of ninety (90) days, unless Franchisor withdraws or revokes or approval at an earlier time, which Franchisor may do at any time with written notice. All advertising must comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Internet Website and Social Media.** 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.

12.2.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by Franchised Businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, contents, and continuation).

12.2.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about the Franchised Business and other Appell franchised business locations. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for the Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 With Franchisor's prior written approval, Franchisee may be permitted to create and use web-based platforms such as Facebook, Myspace, Twitter, LinkedIn, Instagram, Snapchat, TikTok, blogs and other networking websites that use the Proprietary Marks to promote the Franchised Business ("Social Media Pages"). If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such Social Media Pages in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such Social Media Pages. Franchisee must update the content of any Social Media Page and/or networking site at the times and in the manner directed by Franchisor.

12.2.4 Franchisor shall have the right to modify the provisions of this Section 12.2 relating to Internet websites and Social Media Pages as Franchisor deems necessary or appropriate in the best interest of the System.

12.3 Brand Development Fund. Franchisor has established a creative brand development fund (the "Brand Development Fund") for the common benefit of System Franchisees. Franchisee's Brand Fund Contribution will be the greater of one percent (1%) of the Gross Sales or \$200.00. The Brand Fund Contribution is payable via EFT on a monthly basis on or before the 10th day of each calendar month based on the Gross Sales of the Franchised Business from the preceding calendar month.

12.3.1 Franchisor will use Brand Fund contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System Franchisees. Franchisor has the sole right to determine how to spend 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. 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 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 rata basis from such expenditures. While Franchisor does not anticipate that any part of the Brand Development Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Development Fund for public relations or recognition of the Appell brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises

Available”. If Franchisor does not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year.

12.3.2 Franchisor may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Brand Development Fund. The cost of these programs may be charged directly to Franchisee if Franchisee’s results from a Survey fall below established minimum System standards for such Surveys.

12.3.3 Franchisor has the right to reimburse itself from the Brand Development Fund for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Development Fund.

12.3.4 Franchisor-owned and affiliate-owned Appell businesses may but are not required to contribute to the Brand Development Fund.

12.3.5 Franchisor will prepare on an annual basis and will have available for Franchisee within one hundred twenty (120) days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Brand Development Fund. The statement will be presented to Franchisee upon Franchisee’s written request. The Brand Development Fund is not required to be independently audited.

12.3.6 Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved, or merged. Franchisor will have the right to change, modify or dissolve an advertising cooperative or franchisee advisory council (if created) at any time.

12.3.7 Franchisor has the right, but not the obligation, to cause the Brand Development Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all the rights and duties specified herein.

12.3.8 Franchisee acknowledges that the Brand Development Fund is not a trust, or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the Brand Development Fund or the monies therein.

12.4 **Grand Opening Advertising.** Franchisee must spend a minimum of \$15,000 to \$25,000, as designated by Franchisor, to develop and implement an opening advertising campaign beginning two weeks prior to opening and ending 12 weeks after the opening of the Franchised Business (the “Grand Opening Advertising”). The Grand Opening Advertising is in addition to the Fund Contribution and Local Advertising Requirement. All promotional activities must be approved in advance by Franchisor. The amounts Franchisee spends for initial marketing and advertising are typically not refundable.

12.5 **Local Advertising.** Recognizing the importance of promoting the Franchised Business within Franchisee’s Territory, Franchisee must expend a minimum of either (a) \$500 per month, or (b) two percent (2%) of the Gross Sales of the Franchised Business each calendar month (based on the Gross Sales of the Franchised Business during the preceding calendar month), whichever is greater, on local advertising and marketing. Franchisee must only use those materials that Franchisor has previously approved or designated, and Franchisor may require that Franchisee

provides Franchisor with reports and other evidence of the local advertising expenditure each month. Franchisee may not conduct any local advertising outside of the Protected Territory.

13 INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 Independent Contractor Status. 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 may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates that Franchisee independently owns and operates the Franchised Business as a Appell franchisee. 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 shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall 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 Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

13.2 Indemnification. 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) anything related to the operation of the Franchised Business, including sales and advertising for the Franchised Business; (ii) the unauthorized use of the Proprietary 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 operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall 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 Indemnitees 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.

14 SALE OR TRANSFER

14.1 **Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchised Business without Franchisor's prior written consent. Any sale, transfer, assignment, or encumbrance of an interest in Franchisee or the Franchised Business made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to automatic termination as specified herein.

14.2 **Death or Disability.**

14.2.1 *Representative's Right to Continue as Franchisee.* In the event of Franchisee's death, permanent disability or incapacitation (or the death, permanent disability or incapacitation of Franchisee's owners or personal guarantors), Franchisee's legal representative, or Franchisee's owner's or guarantor's respective legal representative, as applicable, will have the right to continue the owner's operation of the Franchised Business as franchisee under this Agreement if: (i) within one hundred eighty (180) days from the date of death, disability or incapacity (the "180 Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of this Agreement, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's Initial Training Program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

14.2.2 *Franchised Business Operation During and After 180 Day Period.* Franchisor is under no obligation to operate the Franchised Business, or to incur any obligation on behalf of any incapacitated franchisee, during or after the 180 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 180 Day Period. In the event of Franchisee's death, permanent disability, or incapacitation, Franchisor may (but is not required to) operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a twenty percent (20%) of the Franchised Business's Gross Revenues to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

14.3 **Ownership Changes.** In addition to the transfer of Franchisee's rights under this Agreement to a third party, a sale, transfer or assignment requiring Franchisor's prior written consent shall also be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership

ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any ownership interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement.

14.3.1 *Right of First Refusal.* If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business to any third party, Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party, provided that if the third party offers property or other consideration, Franchisor will be entitled to offer cash or cash equivalents equal to the fair market value of the property or other consideration. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to corporation or limited liability company as set forth in Section 14.4, or a transfer as a result of the death, permanent disability or incapacitation as set forth in Section 14.2, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale, assignment or transfer upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers, and Franchisee must have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the proposed form of purchase agreement relating to the proposed transfer with all supporting documents and schedules, and Franchisor shall have the right to require changes to such agreement as a condition to approving the transfer, either to reinforce Franchisor's rights under this Agreement, or if Franchisor believes that the purchase price and terms of the proposed transfer are so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and the transferee's performance under its franchise agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she 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, and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, employee, or independent operator of any other business that is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of Franchisor's;

14.3.2.6 The transferee shall execute Franchisor's then-current form of franchise agreement, the terms of which may differ materially from this Agreement, for either a full initial term or for the remainder of the term of this Agreement, as determined by Franchisor in its sole discretion;

14.3.2.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to the greater of \$5,000 or ten percent (10%) of the sale price for the Franchised Business.

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame set forth by Franchisor;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 Franchisee must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of Franchise Disclosure Document and Franchisor shall not be liable for any representations not included in the Franchise Disclosure Document;

14.3.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.16 Franchisor shall have the right to disclose to any prospective transferee revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business; and

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.3.2.7, and such assignment will not be subject to Franchisor's right of first refusal set forth in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of fifty-one percent (51%) or more of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute the Personal Guaranty attached to this Agreement as Exhibit A.

14.5 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15 BREACH AND TERMINATION

15.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following defaults:

15.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 *Unauthorized Transfer.* If Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the Franchised Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business, or any other offense that Franchisor believes, in its sole discretion, is likely to have an adverse effect on the Proprietary Marks or the goodwill associated therewith.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business.

15.2.3 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, member, guarantors, or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of Franchisee's receipt of written notice of a breach under this Section.

15.2.4 *Misrepresentation in Franchise Application.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.5 *Failure to Complete Training.* If Franchisee fails to complete the Initial Training Program as set forth in Section 8 of this Agreement.

15.2.6 *Repeated Breaches.* If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 of this Agreement in any twelve (12) month period, regardless of whether the defaults set forth in the notices were subsequently cured.

15.2.7 *Breach of Other Agreements.* If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or any lease for the Approved Location, and fail to cure such breach within any permitted period for cure.

15.2.8 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.9 *Violation of Law.* If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers or the general public.

15.2.10 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant set forth in Section 17.1 of this Agreement, or any of the other restrictive covenants set forth in this Agreement, including but not limited to those related to non-solicitation.

15.2.11 *Liens.* If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets, which is not released or bonded against within thirty (30) days.

15.2.12 *Insolvency.* If Franchisee or any of Franchisee's principals become insolvent.

15.2.13 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business without Franchisor's prior written consent. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the Franchised Business for a period of five (5) or more consecutive business days without Franchisor's prior written approval.

15.2.14 *Unauthorized Products or Services.* If Franchisee offers any unauthorized or unapproved products or services at or from the Franchised Business.

15.2.15 *Unapproved Purchases.* If Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier.

15.2.16 *Proprietary Software.* If Franchisee misuses or makes unauthorized use of any Proprietary Software Franchisor develops for use in connection with the System.

15.2.17 *Insurance.* If Franchisee fails to maintain required insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9 of this Agreement.

15.2.18 *Government Regulations.* If Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Franchised Business.

15.2.19 *Government Actions.* If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.20 *Anti-Terrorist Activities.* If Franchisee fails to comply with the provisions of Section 22.7 of this Agreement.

15.2.21 *Personal Use of Franchised Business Property.* If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

15.2.22 *Insufficient Funds.* If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.3. **Upon 15 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after Franchisor provides Franchisee with notice of such default(s) and fifteen (15) days to cure:

15.3.1 *Nonpayment.* If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's designated/approved suppliers or vendors.

15.3.2 *Endorsement of Checks.* If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that are erroneously made to Franchisee.

15.3.3 *Failure to Open.* If Franchisee fails to commence operations of the Franchised Business within the time prescribed in Section 7.3 of this Agreement.

15.3.4 *Interruption of Service.* If Franchisee fails to maintain the prescribed months, days or hours of operation of the Franchised Business.

15.3.5 *Quality Control.* If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.6 *Licenses and Permits.* If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of the Franchised Business.

15.4 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, the Operations Manual, or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.

15.5 **Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the step-in rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead incurred in connection with its operation of the Franchised Business including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business.

15.6 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Pay Franchisor immediately all unpaid fees and pay Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Return the Operations Manual and any other Proprietary Material and Confidential Information, including without limitation all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit B, and transfer all usernames and passwords for all Social Media Pages to Franchisor;

16.1.6 Immediately surrender all stationery, printed matter, signs, advertising materials, supplies, other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System as Franchisor directs, and in no event later than ten (10) days after the termination or expiration of this Agreement;

16.1.7 Cease to hold itself out as Franchisor's franchisee immediately;

16.1.8 Cease to communicate with all Appell customers;

16.1.9 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;

16.1.10 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.11 Comply with the post-term covenants set forth in Section 17 of this Agreement, as well as all other obligations that survive the transfer, termination or expiration of this Agreement;

16.1.12 Cease to use in advertising or in any other manner any methods, procedures or techniques associated with Franchisor or the System; and

16.1.13 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Option to Purchase Personal Property.**

16.2.1 Upon the termination or expiration of this Agreement, Franchisor or Franchisor's designee shall have the option, but not the obligation, to purchase any personal property used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) days of providing such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor or Franchisor's affiliates, or for any payments necessary to acquire clear title to property. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property, liens and encumbrances on the property, validity of contracts and agreements, and liabilities affecting the property, contingent or otherwise. Franchisor may exclude from the personal property purchased under this Section cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.3 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and Confidential Information and materials, trade secrets, and the unique methods, procedures, and techniques which Franchisor has developed. Therefore, to protect Franchisor and Franchisor's other franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's owners, officers, directors, principals, or Designated Managers, nor any member of the immediate family of Franchisee or Franchisee's owners, officers, directors, principals, or Designated Managers will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:

17.1.1 Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers or other cleaning products or services, or any other products and/or services authorized or offered for sale by System franchisees (a “Competitive Business”), provided that this Section 17.1.1 does not apply to such person’s ownership of a Franchised Business under a Franchise Agreement with Franchisor;

17.1.2 Solicit any current, former, or prospective customer solicited by Franchisee’s Franchised Business, or any other customer of whom Franchisee has become aware as a result of access to Franchisor’s System, for any competitive purpose.

17.2 After the Term of This Agreement. For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee’s owners, officers, directors, principals, or Designated Managers nor any member of the immediate family of Franchisee or Franchisee’s owners, officers, directors, principals, or Designated Managers will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.1 Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business within a twenty-five (25) mile radius of the Protected Territory or within a twenty-five (25) mile radius of the territory of any other Appell franchised business, or any Appell business operated by Franchisor or its affiliates, provided that this Section 17.2.1 does not apply to such person’s ownership of a Franchised Business under a Franchise Agreement with Franchisor;

17.2.2 Solicit any current, former, or prospective customer solicited by Franchisee’s Franchised Business, or any other customer of whom Franchisee has become aware as a result of access to Franchisor’s System, for any competitive purpose.

17.3 Intent and Enforcement. It is the parties’ intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the covenants contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee’s principals, or any member of the immediate family of Franchisee or Franchisee’s principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other Appell franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor’s procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor’s harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee’s own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitations of this Section 17 shall be tolled during any default under this Section.

17.4 Employees. Franchisee shall ensure that Franchisee’s managers, employees, and anyone else who will have access to Franchisor’s Confidential Information, execute a Confidentiality

and Restrictive Covenant Agreement, in the form attached as Exhibit C to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement shall take effect upon its acceptance and execution by Franchisor. Except to the extent governed by the United States Arbitration Act (9 U.S.C. §§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor and/or any of its affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors and/or owners (each a "Franchisor Related Party"), on the one hand, and Franchisee and/or any of Franchisee's owners, affiliates, officers, directors, shareholders, guarantors, employees, or members (each a "Franchisee Related Party"), on the other hand, shall be interpreted and construed under the laws of the State of New York, which laws shall prevail in the event of any conflict of law.

18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and/or any Franchisee Related Party, and Franchisor and/or any Franchisor Related Party, to Franchisor's management, after providing the written Notice of Claims as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure, as well as the mediation pre-condition set forth in Section 18.3 below, before Franchisee and/or any Franchisee Related Party 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.

18.3 **Mediation.** The parties have reached this Agreement in good faith and in belief that it is advantageous to each of them. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation. Other than an Excluded Action (as defined below), as a pre-condition to the filing of any legal action, the parties agree to mediate any dispute, controversy or claim by and between Franchisee and/or any Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; (c) events occurring prior to the entry into this Agreement; (d) the Franchised Business; or (e) any System standard, in accordance with the procedures set forth in this Section, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to the filing or commencement of any legal action, including any action to interpret or enforce this Agreement. The term "Excluded Claims" means any claim by Franchisor and/or any Franchisor Related Party relating to: (i) Franchisee's failure to pay any fee due to Franchisor under this Agreement; (ii) Franchisee's and/or any Franchisee Related Party's failure to comply with any of the confidentiality covenants and/or non-competition covenants set forth in this Agreement; (iii) use of the Proprietary Marks and/or the

System, including, without limitation, claims for violations of the Lanham Act; and/or (iv) Franchisee's indemnification obligations under this Agreement. The mediation must occur in person in Bay Shore, New York under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Franchisee must submit a written notice to Franchisor, which specifies, in detail, the precise nature and grounds of any claim or dispute. Neither Franchisee nor any Franchisee Related Party may file or otherwise commence any action against Franchisor and/or any Franchisor Related Party until this mediation pre-condition is satisfied and the 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 mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

18.4 Selection of Venue. With respect to any claims not subject to or not resolved through mediation as set forth in Section 18.3 above or governed by Section 18.8 below, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the parties expressly agree that the United States District Court for the Eastern District of New York, or if such court lacks subject matter jurisdiction, the State Court in Suffolk County, New York, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, the events leading up to the entry into this Agreement, this Agreement and/or any ancillary agreements, and/or the relationship between the parties. The parties further agree that in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Franchisee acknowledges that this Agreement has been entered into in the State of New York, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Bay Shore, New York including but not limited to training, assistance, support and the development of the System. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for purposes of carrying out this provision.

18.5 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, members, managers and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in Section 18.3, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee and/or any Franchisee Related Party.

18.6 Prior Notice of Claims. As a condition precedent to commencing any action against Franchisor and/or any Franchisor Related Party, including for damages and/or for violation or breach of this Agreement, Franchisee must provide written notice to Franchisor within thirty (30) days after the occurrence of the conduct giving rise to the claims, violation and/or breach (the "Notice of Claims"). The Notice of Claims must specify the details regarding the alleged misconduct and/or breach and any damages alleged as a result of such misconduct and/or breach. Failure to provide the Notice of Claims in accordance with this provision shall preclude any claim for damages or other relief.

18.7 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates or designated suppliers 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.

18.8 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief in any jurisdiction, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable 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.

18.9 Limitation of Action. Franchisee (and Franchisee's officers, directors, owners and guarantors) expressly agree that no claim or cause of action may be filed or maintained against Franchisor and/or any of Franchisor's present and former owners, officers, directors, employees, representatives, affiliates, parent companies, subsidiaries, predecessor, successors and assigns (each a "Franchisor Related Party") arising out of or relating to this Agreement, the relationship established by this Agreement, the offer and sale of the franchise opportunity, and/or the operation of the Franchised Business unless such claim or cause of action is filed before the expiration of the "Limitations Period." For purposes of this paragraph, the term "Limitations Period" means: one (1) year from the earlier of: (a) the date of the act, transaction or occurrence giving rise to the claim against us or a Franchisor Related Party; or (b) the date on which Franchisee (Franchisee's officers, directors, owners and/or guarantors) knew or reasonably should have known of the facts or circumstances giving rise to the claim against us or a Franchisor Related Party. Notwithstanding the foregoing, if the Limitations Period is unenforceable under New York law, then the Limitations Period shall be equal to the shortest time period for a limitation of claims provision that is enforceable under New York law.

This contractual limitation of claims provision applies to all claims, whether based on contract, tort, statute, or any other legal theory. Franchisee acknowledges that this limitation of claims provision and the Limitations Period is a material inducement for Franchisor to enter into this Agreement and that it is intended to provide certainty and finality to potential disputes. To the fullest extent permitted by law, Franchisee hereby waives any longer statutory limitation period and agrees that the foregoing limitation is reasonable and enforceable.

18.10 Waiver of Punitive Damages. 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 and/or any Franchisor Related Party 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, 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.

18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE

OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, ALL ACTIONS SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE OR COLLECTIVE BASIS, AND ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

19 REPRESENTATIONS

19.1 No Authority. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 Receipt. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND SCHEDULES, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR.

19.3 Opportunity for Review by Franchisee's Advisors. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.4 Execution of Agreement. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS AN ENTITY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS/HER CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MEMBERS AND MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS

AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE ENTITY.

20 GUARANTEE OF PRINCIPALS

If Franchisee is a corporation, or subsequent to execution hereof Franchisee assigns this Agreement to a corporation, all shareholders (or if Franchisee is a partnership, or subsequent to execution hereof Franchisee assigns this Agreement to a partnership, all general partners, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee’s monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor or Franchisor’s affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee’s activities upon transfer, termination, or expiration and nonrenewal of this Agreement, as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors must execute a continuing Personal Guaranty in the form attached hereto as Exhibit A.

21 NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee Name/Address: _____

Franchisor Appell Franchising, LLC
6 Willowbrook Avenue
Bay Shore, NY 11706

With a copy to: Lane Fisher, Esq.
Fisher Zucker, LLC
21 S. 21st Street
Philadelphia, PA 19103

22 MISCELLANEOUS

22.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations, either oral or written, except those contained in this Agreement. This Agreement may not be modified except by a written document signed by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

22.2 Construction of Language. 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.

22.3 Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 Additional Documentation. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other actions as Franchisor reasonably may require in order to effectuate the parties' rights and obligations contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the parties' rights and obligations contemplated herein.

22.5 Force Majeure. Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.6 Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee

certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or 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 such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.20 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any governmental authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.7 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all 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, or if Franchisee asserts any counterclaim against Franchisor, and Franchisee's claim or counterclaim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's 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.

23 ACKNOWLEDGMENTS

23.1 Independent Investigation. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 No Guarantee of Earnings. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in operating the Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Franchised Business.

23.3 Receipt of Franchise Disclosure Document. Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document have been in Franchisee's possession

for at least fourteen (14) days before Franchisee signed this Agreement or paid any monies to Franchisor or an affiliate and that any material changes to this Agreement have been in Franchisee's possession for at least seven (7) days before Franchisee signed this Agreement.

23.4 **No Personal Liability.** Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's principals, officers, directors, employees, agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR

FRANCHISEE

APPELL FRANCHISING LLC

(Individual, Partnership or Corporation Name)

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EXHIBIT A
to
APPELL FRANCHISING, LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Appell Franchising, LLC ("Franchisor"), that you are all of the shareholders of _____ ("Franchisee"), or all of the general partners of Franchisee, or all of the members and managers of Franchisee, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided in the foregoing franchise agreement (the "Franchise Agreement"), each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor or its affiliates, including, without limitation, any promissory note issued by Franchisor for Franchisee's benefit, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement or any promissory note, and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term non-competition and non-solicitation covenants set forth in Section 17 of the Franchise Agreement, as well as all other covenants set forth in the Franchise Agreement, including but not limited to those concerning confidentiality (Section 5.1 of the Franchise Agreement) and indemnification (Section 13.2 of the Franchise Agreement). **You agree that this personal guaranty (the "Guaranty") will be governed by the dispute resolution procedures set forth in Section 18 of the Franchise Agreement, including, without limitation, the mediation pre-condition to litigation.**

ARTICLE II MISCELLANEOUS

1. **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its System.
2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of New York (without reference to its conflict of laws principles).
3. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained in the Franchise Agreement, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.
4. **Jury Trial and Class Action Waiver.** **YOU HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS GUARANTY, THE FRANCHISE AGREEMENT, AND/OR THE OPERATION OF THE FRANCHISED BUSINESS. THE PARTIES ALSO HEREBY AGREE THAT ALL PROCEEDINGS WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES, PRINCIPALS OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.**
5. **Attorneys' Fees.** If you or Franchisee is in breach or default of any monetary or non-monetary material obligation under this Guaranty, the Franchise Agreement, or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), you and Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If you or Franchisee institutes any legal action to interpret or enforce the terms of this Guaranty or the Franchise Agreement, and such claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's 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.
6. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.
7. **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning

which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to its fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

8. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

9. **Successors.** References to “Franchisor,” “Franchisee,” “the undersigned,” or “you” include the respective parties’ successors, assigns or transferees.

10. **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor’s sole responsibility and none of Franchisor’s principals, employees, agents, representatives, nor any other individuals associated with Franchisor’s franchise company shall be personally liable to you for any reason.

PERSONAL GUARANTORS

By: _____

Print Name: _____

By: _____

Print Name: _____

EXHIBIT B
to
APPELL FRANCHISING, LLC
FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS,
FACSIMILE NUMBERS AND DOMAIN NAMES**

1. _____, doing business as a Appell franchisee, (“Assignor”), in exchange for valuable consideration provided by Appell Franchising, LLC (“Assignee”), the receipt of which is hereby acknowledged, conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Appell Franchised Business (the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):

2. The conditional agreement will become effective automatically upon termination, expiration or transfer of the Franchise Agreement governing the operation of Assignor’s Appell Franchised Business. Upon the termination, expiration, or transfer of the Franchise Agreement, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this Assignment.

ASSIGNOR:

By: _____

Date: _____

Print Name: _____

Title: _____

ASSIGNEE:

APPELL FRANCHISING, LLC

By: _____

Date: _____

Print Name: _____

Title: _____

EXHIBIT C
to
APPELL FRANCHISING, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for managers and employees)

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right from Appell Franchising, LLC (the “Franchisor”) to establish and operate a Appell franchised business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Franchisor’s trade names, trademarks and service marks (the “Proprietary Marks”) and the Franchisor’s unique and distinctive format and system relating to the establishment and operation of Appell Franchised Businesses (the “System”), as they may be changed, improved and further developed from time to time in the Franchisor’s sole discretion, at the following location: _____.

1. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the design and specifications of Franchisor’s proprietary products or materials; Franchisor’s operations manual; price lists and standards and specifications for the products and services; standards and specifications related to Franchisor’s proprietary software, and other methods, techniques and know-how concerning the of operation of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee’s operation of the Franchised Business (the “Confidential Information”). Certain information, including (a) current customer and prospective customer names, addresses, and other information, (b) customer service purchasing histories, and (c) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of Franchisor.

2. Any and all information, knowledge, know-how, and techniques that Franchisor specifically designates as confidential will be deemed to be Confidential Information for purposes of this Agreement.

3. As an employee of Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Operations Manual and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

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

6. Except as otherwise approved in writing by Franchisor, I will not, while in my position with Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers or other cleaning products or services, or any other products and/or services authorized or offered for sale by System franchisees, except for another Appell franchised business operating under the System and Proprietary Marks.

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

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

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

10. This Agreement will be construed under the laws of the State of New York (without reference to its conflict of laws principles). The only way this Agreement can be changed is in writing signed by both the Franchisee and me, with Franchisor's written consent.

Signature: _____

Print Name: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

EXHIBIT D
to
APPELL FRANCHISING, LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes Appell Franchising, LLC (“Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Franchisor under the Franchise Agreement for the franchise located at _____: (1) all Royalty Fees and Brand Fund Contributions, and (2) all other fees or other amounts due to Franchisor or Franchisor’s affiliates under the Franchise Agreement or any related agreement executed by Franchisee and Franchisor. Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. Franchisor is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

FRANCHISEE

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT E
to
APPELL FRANCHISING, LLC
FRANCHISE AGREEMENT

PROMISSORY NOTE

FOR VALUE RECEIVED, _____ (the “Undersigned”) promises to pay the order of Appell Franchising, LLC. (the “Holder”) the sum of _____ DOLLARS (\$) along with ____% interest in _____ monthly payments of \$ _____. The first payment is due on _____, 20____, and subsequent payments are due on the first day of each month thereafter through _____, 20_____.

All unpaid amounts owing on this Promissory Note (the “Note”) shall immediately become due and payable at the option of Holder without notice or demand upon the occurrence of any of the following events of default: (i) the default of any provision of the Note; (ii) the termination of any other agreement between the Undersigned and Holder; or (iii) the death, dissolution, insolvency (however expressed or indicated) or the filing of a petition in bankruptcy, reorganization or for the adjustment of debts for, by or against the Undersigned.

There is no prepayment penalty under this Note.

Holder’s failure to enforce any rights granted to it under this Note shall not constitute a waiver of such rights.

The validity, enforceability, construction and interpretation of this Note shall be governed by the laws of the State of New York, which laws shall control in the event of any conflict of law. If any provision of this Note is deemed illegal under any state or federal law, then such provision shall not be considered a part of this Note and the remainder of this Note shall not be affected.

The Undersigned agrees that it will have a substantial relationship with the Holder at its offices in New York and that any action by it arising out of or relating to this Note shall be litigated to conclusion only in any state or federal court of general jurisdiction located within New York and waives any objection they may have to either the jurisdiction or venue of such court, and further waive any argument that such venue is inconvenient.

This Note shall be binding upon and shall inure to the benefit of the parties and their successors, heirs and assigns.

In the event that it becomes necessary for Holder to retain the services of legal counsel to enforce terms of this Note, Holder shall be entitled to recover all costs and expenses, including reasonable attorney’s fees, incurred in enforcing the terms of this Note.

The persons executing this Note on behalf of corporations acknowledge their authority to do so.

I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

By: _____

EXHIBIT C
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

FRANCHISEE	ADDRESS	TELEPHONE	DATE OF FRANCHISE AGREEMENT	OPENING STATUS	
FLORIDA					
Jack & Robert Meyer	Sarasota, FL	941-2631717	03/2024	03/2024	1
GEORGIA					
Heart of Georgia Paving	Atlanta, GA	470-531-0707	08/2024	09/2024	4
NEW JERSEY					
Fortress Brands, Inc.	Northern New Jersey	973-542-2584	10/23/2023	03/2024	2
PENNSLVANIA					
Michael Rohrbach	Chester, PA	484-378-9881	04/2024	06/01/2024	1

**LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS
BUT NOT YET OPENED AS OF 12/31/2024**

None.

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM OR WHO HAS NOT
COMMUNICATED WITH US WITHIN 10 WEEKS OF THE DISCLOSURE DOCUMENT
ISSUANCE DATE.**

Grizzly Seal Coating, LLC	6 Hemlock Circle Terrace, Ocala, FL 34472	352-456-8145
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EXHIBIT D
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

<u>CALIFORNIA</u>	<u>CONNECTICUT</u>
<p>(state administrators) Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677</p> <p>1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205</p> <p>1350 Front Street San Diego, CA 92101 (619) 525-4233</p> <p>One Sansome Street, Suite 600 San Francisco, California 94104 (415) 972-8565</p> <p>(agents for service of process) California Commissioner of Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344</p> <p>Commissioner of Department of Business Oversight One Sansome Street, Suite 600 San Francisco, California 94104</p> <p>Commissioner of Department of Business Oversight 1515 K Street., Suite 200 Sacramento, CA 95814</p>	<p>(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p> <p>(agent for service of process) Banking Commissioner</p>

<p><u>HAWAII</u></p> <p>(state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p>(agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u></p> <p>Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>
<p><u>INDIANA</u></p> <p>(state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p> <p>(agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><u>MARYLAND</u></p> <p>(state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p> <p>(agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u></p> <p>(state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p> <p>(agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909</p>	<p><u>MINNESOTA</u></p> <p>(state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-6328</p> <p>(agent for service of process) Minnesota Commissioner of Commerce</p>

<p><u>NEW YORK</u></p> <p>(state administrator) New York State Department of Law Bureau of Investor Protection and Securities 28 Liberty St., 21st Floor New York, New York 10005 (212) 416-8211</p> <p>(agent for service of process) Secretary of State of New York 41 State Street Albany, New York 12231 (518) 474-4750</p>	<p><u>NORTH CAROLINA</u></p> <p>North Carolina Secretary of State 2 South Salisbury Street Raleigh, NC 27601</p> <hr/> <p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>
<p><u>OREGON</u></p> <p>Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</p>	<p><u>RHODE ISLAND</u></p> <p>Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582</p>
<p><u>SOUTH DAKOTA</u></p> <p>Division of Securities Department of Labor & Regulation 124 S. Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u></p> <p>(state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> <p>(for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><u>WASHINGTON</u></p> <p>(state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760</p> <p>(agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501</p>	<p><u>WISCONSIN</u></p> <p>(state administrator) Division of Securities Department of Financial Institutions 201 W. Washington Avenue, 3rd Floor Madison, Wisconsin 53703 (608) 266-1064</p> <p>(agent for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Avenue, 3rd Floor Madison, Wisconsin 53703</p>

EXHIBIT E
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT
STATE ADDENDA TO THE FDD AND FRANCHISE AGREEMENT

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

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

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

MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF MINNESOTA

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, subsections 3, 4 and 5 which require, except in certain specified cases, that an FRANCHISEE be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Notwithstanding anything contained in the Franchise Agreement to the contrary, the Franchisor shall protect the FRANCHISEE's right to use the trademarks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the FRANCHISEE has been permitted to use under the Franchise Agreement.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

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.

**VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
& FRANCHISE AGREEMENT**

(Applies only to Virginia franchisees)

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Virginia Amendment concurrently with the execution of the Franchise Agreement on this day _____
_____.

FRANCHISEE

(If Entity)

Name of Entity

By: _____

Print Name: _____

Title: _____

(If Individuals)

By: _____

Print Name: _____

FRANCHISOR

APPELL FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

EXHIBIT F
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT
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EXHIBIT G
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT
SAMPLE TERMINATION AND RELEASE AGREEMENT

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the “Agreement”) is made this _____ day of _____, 20____, by and between Appell Franchising, LLC, a Utah limited liability company with its principal place of business at 6 Willowbrook Avenue, Bay Shore, New York 11706 (“Franchisor”) and _____, a _____ with its principal place of business at _____ (“Transferor”).

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the “Franchise Agreement”) with Franchisor for the right to operate a Appell Business under Franchisor’s proprietary marks and system (the “System”) at the following approved location: _____ (the “Appell Business”).

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor’s sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor’s monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the “Franchisor Releasees”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties’ rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations as in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of New York, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of New York and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of New York pursuant to the mediation, venue and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

SIGNATURE PAGE FOLLOWS

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I
WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE
BOUND BY ITS TERMS.**

APPELL FRANCHISING, LLC

By: _____

FRANCHISEE

By: _____

EXHIBIT H
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT
FRANCHISEE CERTIFICATION/COMPLIANCE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

As you know, Appell Franchising LLC (“we”, “us” or “Appell”), and you are preparing to enter into a Franchise Agreement for the operation of a Appell franchise (a “Appell Business”). The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes ___ No ___ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to this agreement, you intend to enter into with us?
- Yes ___ No ___ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes ___ No ___ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes ___ No ___ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes ___ No ___ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Appell Business with these professional advisor(s)?
- Yes ___ No ___ 6. Do you understand the success or failure of your Appell Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes ___ No ___ 7. Do you understand we have only granted your certain exclusive territorial rights under the Franchise Agreement and that we have reserved certain rights under the Franchise Agreement?
- Yes ___ No ___ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the APPELL mark or other mark, at any location outside your Territory, without regard to the proximity of these activities to the premises of your Appell Business?
- Yes ___ No ___ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Suffolk County, New York?
- Yes ___ No ___ 10. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and you are not entitled to any punitive, consequential or other special damages?
- Yes ___ No ___ 11. Do you understand the sole entity or person against whom you may bring a claim

under the Franchise Agreement is Appell Franchising LLC.?

- Yes ___ No ___ 12. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Appell Business to open or consent to a transfer of that Appell Business?
- Yes ___ No ___ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes ___ No ___ 14. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes ___ No ___ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Appell Business or home address until you designate a different address by sending written notice to us?
- Yes ___ No ___ 16. Do you understand that we will not approve your purchase of a Appell Services franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes ___ No ___ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Appell Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ___ No ___ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Appell Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ___ No ___ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes ___ No ___ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Appell Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20____

Dated: _____, 20____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20____

Dated: _____, 20____

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

State Effective Dates

The following states have franchise laws that require that that Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Florida	Pending
New York	Pending
Texas	April 5, 2023 (one-time filing)
Utah	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those they regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I
TO THE
APPELL FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPTS (OUR COPY)

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

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If APPELL FRANCHISING, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is April 21, 2025, as amended on June 3, 2025.

A list of franchisor’s agents registered to receive service of process is listed as Exhibit D to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an issue date of April 21, 2025, as amended on June 3, 2025, which contained the following Exhibits.

- | | |
|---|---|
| Exhibit A – Financial Statements | Exhibit F –Table of Contents for Operations Manual |
| Exhibit B – Franchise Agreement | Exhibit G – Sample Termination and Release Agreement |
| Exhibit C – List of Current Franchisees and Franchisees Who have Left the System | Exhibit H – Franchisee Certification/Compliance Certification |
| Exhibit D –List of State Administrators and List of Agents for Service of Process | Exhibit I – Receipts |
| Exhibit E – State Specific Addenda | |

The franchise seller(s) for this offering is/are as follows:

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Entity Name: _____

Signee Name: _____

Signature: _____

Date: _____

RECEIPTS (YOUR COPY)

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

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

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| Exhibit E – State Specific Addenda | |

The franchise seller(s) for this offering is/are as follows:

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Entity Name: _____

Signee Name: _____

Signature: _____

Date: _____