

## FRANCHISE DISCLOSURE DOCUMENT



**AMH ENTERPRISES, INC.**  
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Seabeck, WA 98380  
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### AMH ENTERPRISES, INC

As a franchisee, you will operate a home-based procurement and resale service business, which primarily serves the purchasing and procurement needs of buyers at government agencies and large commercial organizations under our Marks and following our System.

The total investment to begin operation of an AMH Enterprises franchise is from \$52,200.00 to \$149,700.00. This includes \$35,000.00 that you must pay us.

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, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental 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 Alan Phillips at 16478 Robina Lane NW, Seabeck, WA 98380, (360) 830-9288.

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

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

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

Issue Date: April 20, 2023.

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

### **Special Risks to Consider About *This* Franchise**

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Washington. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Washington than in your own state.

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

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## **Item 1. The Franchisor, and any Parents, Predecessors and Affiliates**

To simplify this Disclosure Document, "we" means AMH Enterprises, Inc., the franchisor. Sometimes "our" or "us" refers to AMH Enterprises, Inc., when appropriate. "You" means the person who buys the franchise. If you are a legal entity, "you" includes all owners of any equity interest in the entity. "Licensed Business" means the business you will operate under the Franchise Agreement, a home-based procurement and resale service business, which primarily serves the purchasing and procurement needs of buyers at government agencies and large commercial organizations under our Marks and following our System.

We are AMH Enterprises, Inc. Our principal business address is 16478 Robina Lane NW, Seabeck, WA 98380. Our predecessor is A-PAK Solutions, formerly KKAP Enterprises. The principal business address of A-PAK Solutions is 16478 Robina Lane NW, Seabeck, WA 98380.

We do business under our corporate name, AMH Enterprises, Inc. and "AMH Enterprises". We do not intend to do business under any other name.

The principal business addresses of our agents for service of process are shown on Attachment E.

We are a corporation organized in the State of Washington.

We do not operate businesses of the type being offered. A-PAK Solutions, formerly KKAP Enterprises, an affiliated entity owned by a shareholder and officer of AMH Enterprises, owns and operates one location of the type franchised at 16478 Robina Lane NW, Seabeck, WA 98380. A-PAK Solutions has never offered franchises in any line of business.

We offer, sell and support franchises to operate a Licensed Business. We have no other business activities.

As a franchisee, you will operate a home-based procurement and resale service business, which primarily serves the purchasing and procurement needs of buyers at government agencies and large commercial organizations under our Marks and following our System. As a franchisee, you will assist government and private-sector commercial businesses with their procurement needs. Many transactions are unique. In some, you may take title and resell goods to your customer. In some, your supplier may drop ship to your customer. Sometimes, you will pay your supplier before your customer pays you. Sometimes you will have goods re-packed and re-shipped by a commercial packing house. Sometimes, you may choose to do some packing yourself. In most cases, you will arrange the logistics for getting goods from your supplier to your customer. The AMH Enterprises franchise "storefront" consists of two basic components. The first involves developing relationships with government and commercial buyers by providing pricing for any item the buyer may request. The second is developing lines of accounts with manufacturers and vendors in order to be able to purchase items for such buyers. We refer to this as the "Licensed Business".

The market for your services is primarily government or medium—to large businesses that need assistance with purchasing and procuring all types of products. The market is generally well developed and competitive. The Licensed Business may be cyclical because of local, national, and international developments.

We are not aware of any laws or regulations specific to the procurement industry. Some states may have laws imposing special requirements on you in order to operate the Licensed Business. There is no uniformity among the states. Some states impose no special requirements. There are, of course, statutes and regulations that are common to all businesses, including those governing health and labor

issues, zoning, and, in some localities, environmental or packaging laws. Some jurisdictions may impose impact fees or special taxes on businesses of the type you will be operating. You should obtain a complete copy of your state's relevant statutes and regulations and discuss them with your attorney.

You will compete with other independent contractors, sales and business consultants, which may be regional, national or international and may operate more locations and have greater financial resources than you. Your competitors may have a more experienced marketing organization and greater name recognition than AMH Enterprises. You may also compete with other businesses, including chains and independents that are primarily directed to specific clients or areas of services. Some competitors will offer many goods and services that are the same as or similar to those you offer.

Our business experience is offering, selling and supporting AMH Enterprises franchises which we have done since 2010. We have not operated a business of the type you will be operating. We have never offered franchises in any other line of business.

## **Item 2. Business Experience**

### Alan Phillips

#### Director & President

AMH Enterprises, Inc.

Mr. Phillips has served as Director and President of us since March 30, 2016 in Seabeck, Washington. He was our Director and Vice President from March 30, 2007 until March 30, 2016, in Seabeck, Washington. From October, 2006 to date, Mr. Phillips has been an owner of A-PAK, formerly KKAP Enterprises, our predecessor, in Seabeck, Washington.

### Ann Phillips

#### Director & Vice President

AMH Enterprises, Inc.

Ms. Phillips has served as Director and Vice President of us since March 30, 2016, in Seabeck, Washington. She was our Director and President from March 30, 2007 until March 30, 2016 in Seabeck, Washington. From October, 2006 to date, she has been an owner of A-PAK, formerly KKAP Enterprises, our predecessor in Seabeck, Washington. She was Manager of the Seattle Lighting store in Silverdale, Washington from 2002 until July 2016.

## **Item 3. Litigation**

No litigation is required to be disclosed in this Item. If you are in California, please see the State Law Addendum.

## **Item 4. Bankruptcy**

No bankruptcy is required to be disclosed in this Item.

## **Item 5. Initial Fees**

All franchisees pay an initial franchise fee of \$35,000.00. You must pay the initial franchise fee as soon as your business is open and we have completed all of our material pre-opening obligations

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unless the state addenda (Attachment G) specifies a different procedure. You must have your bank verify that you have sufficient funds available when you sign the Agreement.

We will not refund the initial franchise fee.

You pay us or our affiliates no other fees or payments for services or goods before your business opens.

**Item 6. OTHER FEES**

<b>Column 1 Type Of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
<b>Royalty Fee</b>	6% of Gross Revenues.	Payable weekly by Electronic Funds Transfer. Funds must be in your designated bank account in time so that we can obtain them by Tuesday of the week following the week for which you pay the Royalty Fee. We may change the method and timing of payment.	Gross Revenues includes the full the price of all goods and services you sell, whether or not you have received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees a law requires you to collect on behalf of the government. Gross Revenues are calculated at the time you sell the goods or services, without regard to when you receive or expect to receive payment.
<b>Annual Training Conference Fee</b>	\$1,000 per year (subject to CPI increase each year)	In advance of any announced Annual Franchise Conference.	Payable only if we announce an Annual Franchise Conference.
<b>Employee Training</b>	\$1,500 per person per day plus travel and living costs, subject to CPI increase.	Two weeks in advance of the training program(s).	Any employee (or “independent contractor”) must successfully complete the same initial training as required of franchisees, at your cost. We do not advise hiring employees or “independent contractors”.
<b>Audit (less than 2% under reporting) <sup>1</sup></b>	10% interest on amount of underpayment plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that you have underreported Gross Revenues, but by less than 2 percent.
<b>Audit (2% or more under reporting) <sup>1</sup></b>	10% interest on amount of underpayment plus the cost of the audit plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that you have underreported Gross Revenues by 2 percent or more.

<b>Column 1 Type Of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
<b>Late Payment Interest</b>	1.5% per month or maximum interest rate allowed by law (whichever is less) from the due date to date of payment.	Immediately upon making the late payment.	Subject to applicable state law.
<b>Renewal Fee</b>	Amount equal to not more than 25% of the then-current Initial Franchise Fee	Before consummating Renewal	
<b>Transfer Fee</b>	Amount equal to not more than 25% of the then-current Initial Franchise Fee..	Before approval of transfer.	No transfer fee if you transfer your Licensed Business to an entity with the same ownership as you.
<b>Indemnification</b>	Amount of all damages, liabilities, fines, losses, costs and expenses we incur because of your breach of the Franchise Agreement.	Upon demand.	Applies only if you are in default, including by causing a claim or demand to be made against us.

All fees are imposed by and are payable to us. All fees we impose are non-refundable. All fees we impose are uniform to all franchisees. If we are required to collect taxes from you based on the value of any services, goods or equipment we provide to you, you must pay the taxes in addition to the price of the affected services, goods or equipment.

**Item 7. Estimated Initial Investment**  
**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Column 1</b>	<b>Column 2</b>		<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Type of expenditure</b>	<b>Low amount</b>	<b>High amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Initial Franchise Fee	\$35,000.00	\$35,000.00	Lump Sum	Upon commencing operations	Us
Training Expenses (Note A)	\$0.00	\$1,500.00	Lump Sum	Upon Signing	Vendors & Employee(s)
Real Property (Note B)	\$0.00	\$0.00	NA	NA	NA
Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements and decorating costs (Note C)	\$500.00	\$2,500.00	As Arranged	As Arranged	Vendors
Security Deposits, utility deposits, business licenses and other prepaid expenses (Note D)	\$1,000.00	\$5,000.00	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Marketing (Note E)	\$0.00	\$1,000.00	As Incurred	As Arranged	Vendors
Additional Training (Note F)	\$0.00	\$1,000.00	As Incurred	As Arranged	Us, Vendors
Insurance (Note G)	\$200.00	\$700.00	As Arranged	As Arranged	Insurance Companies
Legal & Accounting Fees (Note H)	\$500.00	\$3,000.00	As Incurred	As Incurred	Your Lawyer & Accountant
Additional Funds - 3 months (Note I)	\$15,000.00	\$100,000.00	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
<b>Total</b>	\$52,200.00	\$149,700.00			

Please see notes next page.

## Notes Regarding Initial Investment:

### **Note A: Training expenses.**

In addition to the training fees, you are responsible for travel, lodging, meals, and compensation for yourself and any employees or other persons who attend training.

### **Note B: Real Property.**

We recommend operating the business from your home. If you elect to rent an office, you can do so with our prior approval, but that would be extra, and it is not part of what we require or recommend.

### **Note C: Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements and decorating costs.**

You must acquire all necessary equipment, including a computer, desk, chair, printer, facsimile equipment, telephone, and Internet and telephone service. This estimate does not include sales or use taxes or shipping costs, which vary.

### **Note D: Security deposits, utility deposits, business licenses, and other prepaid expenses.**

We require you to obtain all necessary business licenses. Those involve some fees. This estimate includes deposits or prepayments you may need to make to obtain cellular telephone service or Internet access. If you already have those services, your cost may be less.

### **Note E: Marketing.**

We do not require a specific level of marketing expenditure. This estimate is what we would expect you might spend on marketing during the initial three months of operating your Licensed Business.

### **Note F: Additional Training.**

We provide your initial training at no extra charge. It is included in the Initial Fee. If you need to have us train additional people, you must pay our usual fees, including compensation for the trainers. Of course, as with the initial training, you are always responsible for travel, lodging, food and compensation and other expenses of your trainees.

### **Note G: Insurance.**

We require you to purchase and maintain insurance covering the replacement cost of the equipment we loan you. The certificate(s) of insurance must provide that the insurers will not modify coverages under the respective policy(ies) (except to increase coverage) or cancel them until the insurer has given us at least 30 days prior written notice. We may require you to provide us with a copy of any insurance policy and all endorsements. All insurance policies must provide that coverage is primary/non-contributory.

Keeping in mind that the price of insurance has varied widely in recent years, you should obtain a price quotation from your insurance agent or broker in planning to purchase the franchise. Workers Compensation and employers' liability insurance, if required, are extra and you should obtain prices from your state agencies or your insurance agent or broker.

### **Note H. Legal & Accounting Fees.**

Because of the variability of attorney's fees, this is an estimate. You should check with your attorney or with several knowledgeable attorneys to determine the actual range of fees before signing the Franchise Agreement. You may need an attorney to assist and advise you in setting up your business organization and reviewing contract documents. This estimate does not include any ongoing needs for

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legal services in connection with relationships with customers or vendors. You should consult your accountant for an estimate of fees.

**Note I. Additional Funds – 3 months.**

This estimates your initial startup expenses through your first three months of operations. You may have to use some of these additional funds to pay for our travel and related expenses, including a per diem if you ask us to travel to your location to assist in starting up your Licensed Business after our initial setup and training session. These expenses include the cost of goods or services that you may need to purchase for resale to your customers. Although our estimate should be sufficient, we encourage you to have as much capital or credit available as possible so you can process larger orders if you get the opportunity. These estimates do not include owner compensation or return on investment. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for the products and services you offer; the prevailing wage rate; competition; and the sales level you reach during the initial period. We have made this estimate based on the experience of our affiliate in operating a business similar to what you will be operating and from informal reports from our current and former franchisees.

**Services by Affiliate and others.**

We may provide certain services to you under the Franchise Agreement by subcontracting with others, including our affiliates, to provide them. These arrangements will not result in increased costs to you for the services.

**No Refunds.**

We will not refund any of your payments except a portion of the Initial Franchise Fees, as described in Item 5 above.

**Item 8. Restrictions on Sources of Products and Services**

We do not restrict your sources of products and services relating to establishing or operating your Licensed Business. We only require that the products you supply to your customers meet the customers' specifications and comply with all applicable laws, regulations, and requirements. We may provide recommendations to you in the Manual or otherwise in writing.

We and our affiliate(s) are not approved suppliers or the only suppliers for any goods or services you will be required to use in the business. None of our officers owns an interest in any supplier that we recommend or require you to do business with.

We do not derive revenue or other material consideration from required purchases or leases by franchisees.

We estimate that your purchases and leases from us and approved suppliers, including purchases that must comply with our specifications, will be approximately 0.0% of your total purchases and leases in connection with establishing and operating your Licensed Business.

We do not currently have purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers for your benefit. Except as described in this Item, we do not currently provide any material benefits to you based upon your use of designated or approved sources.

**Item 9. Franchisee's Obligations**

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

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	Section 3.1 and 7.3.	Item 5, 7 and 8.
c. Site development and other pre-opening requirements	Section 7.2, 7.3 and 7.4	Item 5, 7, 8 and 11.
d. Initial and ongoing training	Section 6.1, 6.2, 6.4 and 7.4	Item 6, 7 and 11.
e. Opening	Section 7.3, 7.11 and 7.12.	Item 5, 6, 7 and 11.
f. Fees	Section 3	Item 5, 6 and 7.
g. Compliance with standards and policies/Operating Manual	Section 6.1 and 7	Item 8, 11, 13 and 14.
h. Trademarks and proprietary information	Section 7.17, 7.18, and 7	Item 13, 14 and 17.
i. Restrictions on products/services offered	Section 6.2, 6.3, 6.6, 7.3, 7.6, 7.14, 7.15, 7.17 and 7	Item 8 and 16.
j. Warranty and customer service requirements	Section 7.12, 7.13 and 7.15	Item 11.
k. Territorial development and sales quotas	Section 7	Item 12.
l. Ongoing product/service purchases	Section 6.2, 6.6, 7.6 and 7.14	Item 6, 8 and 11.
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Section 6.10	Item 7.

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<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure document item</b>
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Section 7	Item 9.
q. Owner's participation/management/staffing	Section 7	Item 11 and 15.
r. Records and reports	Section 7.24, 7.25, 7.27, 7.28 and 7.29	Item 9.
s. Inspections and audits	Section 6.7 and 6.8	Item 6 and 11.
t. Transfer	Section 6.13, 7.33 and 7.34	Item 6 and 17.
u. Renewal	Section 2.2	Item 6 and 17.
v. Post-termination obligations	Section 9	Item 17.
w. Non-competition covenants	Section 7.31	Item 17.
x. Dispute resolution	Section 10	Item 17.
y. Other: Meetings	Section 7.16	Item 11.

### **Item 10. Financing**

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

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

**Except as listed below, AMH Enterprises, Inc. is not required to provide you with any assistance.**

#### **Pre-opening obligations.**

Before you open your Licensed Business, we will:

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- License you to use our Marks and System in connection with your Licensed Business (Franchise Agreement – Section 1);
- Loan you one or more operations manuals ("the Manual"), (Franchise Agreement – Section 6);
- Provide you the specifications for the computer hardware and software package (Franchise Agreement – Section 6); We supply specifications for the basic computer hardware and software package in the Manual.

The Licensed Business is a home-based business. We do not require you to obtain commercial premises. If your Licensed Business grows to the point you decide commercial premises are necessary, you must first obtain our approval of the proposed premises, which we will not unreasonably refuse to give. (Franchise Agreement – Section 7). Whether you operate the Licensed Business from your home or commercial premises:

- You are responsible for complying with all local ordinances, covenants, and building permits and to obtain any required permits. (Franchise Agreement – Section 7); and
- You are responsible for any construction, remodeling, or decorating necessary to conform the premises to our requirements. (Franchise Agreement – Section 7).

You are responsible for hiring and training your employees. (Franchise Agreement – Sections 6 & 7).

You must obtain and install the required equipment and supplies from approved suppliers. (Franchise Agreement – Sections 6 & 7).

- We or a designated supplier may sell you the AMH Enterprises branded goods that you will need to begin your Licensed Business. As for other equipment and supplies, we will provide you with contact information for approved suppliers (Franchise Agreement— Section 6).
- We will provide you with specifications for equipment, signs, fixtures, and supplies that we or our designated supplier do not provide except for items that you are free to acquire from any source so long as they meet the needs of your business (Franchise Agreement— Section 6).
- We do not deliver or install any of the required equipment and supplies. (Franchise Agreement – Sections 6 & 7).

### **Time to open.**

The typical length of time between when you sign the Agreement or pay the initial franchise fee and the time when your Licensed Business opens will generally be one to four months. The factors affecting this length of time include the time necessary for you to obtain equipment, obtain any necessary financing, satisfactorily complete initial training, comply with any local statutes or ordinances, hire and train any necessary employees, and obtain and install all necessary equipment, inventory, and supplies. We do not require or recommend that you obtain a separate business premises. Your residence is already an approved place to operate your Licensed Business. There may be unusual circumstances in which, because of delays, construction schedules, weather conditions, shortages, and other events beyond our control, it takes longer than four months for you to open your business. On the other hand, it could be less than one month. Because there is always uncertainty about how long it will take to open your Licensed Business and whether you will successfully complete training, you should not terminate employment or cease other income-producing activity until after these events.

### **Obligations after opening.**

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During the operation of the franchised business, we will:

Take any actions we deem appropriate to protect or defend the Marks or System (Franchise Agreement – Section 7);

Loan you one or more operations manuals ("the Manual"), which contains specifications and mandatory and suggested standards and procedures. This Manual is confidential and remains our property. We will modify this Manual, but the modifications will not alter your status and rights under the Franchise Agreement. (Franchise Agreement – Section 6).

Provide periodic training programs for you and for certain employees, at our regular charge for the training (Franchise Agreement – Sections 3 & 6); and

**Services we expect to provide after opening.**

- We expect to be in regular contact with you to discuss your operation of the Licensed Business and to generally be of assistance.
- We plan to continue to develop products and services for you to offer to your customers and to continue to improve and develop the Licensed Business.
- We plan to provide additional ongoing training for you and your manager(s) and employees at our usual charges. The Agreement does not obligate us to provide such services, however.
- We may recommend prices for some products and services.
- We may establish and require you to use certain administrative, bookkeeping and accounting procedures.
- We will try to reasonably assist you in resolving operating problems you might encounter with your Licensed Business.

You are solely responsible for hiring and training your employees, although we may provide training programs and materials.

**Marketing program.**

We have no obligations and no plans to provide any marketing or advertising programs or services.

You may conduct marketing for yourself and you may use your own marketing materials so long as they are honest and not misleading. (Franchise Agreement –Section 7)

We do not have a marketing advisory council.

We do not require you to participate in a local or regional advertising cooperative.

We do not require you to participate in any advertising fund.

**Computers and Software.**

You must install, operate and maintain the computer hardware and software we specify for the operation of your Licensed Business, including the related accounting and administrative operations. You must contract with third-party service providers to meet the technical support and maintenance needs of your Licensed Business. Currently we recommend TEK Systems, Inc., Hanover, Maryland. We may modify our computer hardware and software requirements. We may recommend or require additional hardware, software and third-party processing services, or require you to make upgrades to hardware, software and third-party processing services. We may require you to purchase specified

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equipment and software and/or portable hand-held devices. You must update or upgrade your equipment, software and third-party processing services at your own expense—subject to a maximum cost of \$2,500 every two years. Your Licensed Business will require the following equipment, software and third-party processing services (Franchise Agreement – Section 6):

<b>System</b>	<b>Purpose</b>
Personal Computer and peripherals	All business operations.
QuickBooks Pro Plus Online Software	Maintain Your accounting records for management, tax, and legal purposes, payment of expenses and other liabilities, and invoicing.
Broadband always-on Internet service	Communications with customers and suppliers.
General office systems (like Microsoft Word, Outlook, Excel and Internet Explorer)	Management and general office tools.
Internet security, virus protection	Computer security protection.

The required computer hardware and software will collect and make available to you and to us information about your Licensed Business, including customer and vendor information, sales, purchases, profitability and expenses, and payroll and employee information. We have unlimited independent access to the information for any proper purpose under the Franchise Agreement. (Franchise Agreement – Section 7).

**Operations Manual.**

As of the issue date of this Disclosure Document, our Operations Manual consists of approximately 25 pages. Attachment D is a copy of the current Table of Contents of the Manual.

**TRAINING PROGRAM**

<b>Column 1 Subject</b>	<b>Column 2 Hours of Classroom Training</b>	<b>Column 3 Hours of On The Job Training*</b>	<b>Column 4 Location*</b>
Franchisee reviews Manual, sets up basic business systems (e.g., Dunn and Bradstreet number, Cage number, business licensing)	0	1-2	Our headquarters in Seabeck, Washington and remotely.
Set up computers; QuickBooks training; Walk-through one actual transaction with trainer	0	4-8	Our headquarters in Seabeck, Washington and remotely.

<b>Column 1 Subject</b>	<b>Column 2 Hours of Classroom Training</b>	<b>Column 3 Hours of On The Job Training*</b>	<b>Column 4 Location*</b>
Relationship building	0	1-2	Our headquarters in Seabeck, Washington and remotely.
Developing buyers through U.S. Government and other web sites	0	1-2	Remotely and telephone.
Developing lines of account with manufacturers and vendors	0	1-2	Remotely and telephone.
Support and troubleshooting on specific jobs and questions via telephone and email	0	1-2	Remotely and telephone.

\* All times are approximate, and we may adjust them based on your experience and rate of learning.

We plan to hold training classes on an “as needed” basis and expect to conduct them at least four times a year if needed. Most training will occur remotely by telephone and Internet.

The instructional materials will include the Operations Manual, various software programs, the documents used in operating the AMH Enterprises business, and other materials, including PowerPoint, spreadsheets, and handouts. In addition, we may use lectures, discussions, presentations, videos, demonstrations, and quizzes. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is twelve years. The minimum time that our instructors have been employed by us or our predecessor in roles related to the topics they are teaching is 3 to 5 years. Our lead trainer is Alan Phillips, our President and founder.

All training described above occurs at our headquarters in Seabeck, Washington or remotely by telephone and Internet unless we specify another location or method.

We do not charge for your initial training (it is included in your Initial Fee), but you must pay any travel and living expenses for you and your employee(s). If you ask us to train additional employees, you will pay our current training charges as well as the travel and living expenses and compensation of the employees.

You must successfully complete the initial training program before opening your Licensed Business. We will coordinate with you so that you can schedule training in time to complete it before your Licensed Business opens. We will decide whether trainees successfully complete the initial training program based upon knowledge test results and our observations of your ability to use the knowledge effectively. We will permit your employees to participate in training programs if we have space available and if you pay applicable fees.

We require you, from time to time, to attend networking and training meetings at locations we designate. You must attend and participate at your own expense. You will be solely responsible for all

travel expenses and compensation for yourself and any employees attending such networking and training meetings.

We may require you and your employees to complete additional training in the future at your expense.

We permit you to operate the Licensed Business only at the one location identified in the Franchise Agreement and may not relocate it without our approval.

We do not grant a minimum sized territory.

We may consider granting you the right to establish additional Licensed Businesses under further Franchise Agreements if you are in compliance with the Franchise Agreement and Manual and you propose to open the outlets in areas and at locations that we approve, but we have no obligation to do so. The Franchise Agreement grants you no options, rights of first refusal, or similar rights to acquire additional franchises.

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

There are no restrictions on where customers may come from for you, us, or other franchisees.

There are no restrictions on where you may solicit orders or customers, including any restrictions on any distribution channels such as the Internet.

You will not be entitled to receive any compensation from us or other franchisees for soliciting or accepting orders from any location.

### **Item 13. Trademarks**

We give you the right to use the trademark “AMH”, which is the principal trademark used to identify our System. In addition, we give you the right to use the name “AMH Enterprises,” and other trade names, trademarks, service marks, trade dress and logos we currently use or which we may adopt or approve (collectively with our trademark, the “Marks”) in the Licensed Business. You must follow our rules when you use the Marks. You may only use the Marks exactly as we specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service. You may not use the Marks as part of any entity name or Internet address without our prior written approval.

We have registered the following trademark with the United States Patent and Trademark Office:

<b>Mark</b>	<b>Registration/ Application No.</b>	<b>Filing/Issue Date</b>	<b>Status</b>
 The logo consists of the letters 'AMH' in a bold, sans-serif font. The letter 'A' is stylized with a diagonal line through it. A registered trademark symbol (®) is located at the bottom right of the 'H'.	5,791,733	July 2, 2019	Live

The above mark is registered on the principal register. We have done all required filings and intend to file all future affidavits as and when required.

We have not registered “AMH Enterprises” with the United States Patent and Trademark Office.

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

There are no currently effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and there are no pending infringement, opposition, or cancellation proceedings involving or affecting the Marks.

There is no pending federal or state court litigation regarding our use or ownership rights in the Marks.

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

We may take whatever action we deem appropriate to protect or defend the Marks or System, but the Agreement does not require us to take any action. You must inform us if you become aware of any misuse or misappropriation of the Marks or anything confusingly similar. You may not start any litigation relating to the wrongful use of the Marks without our prior written approval. We have the right to control any administrative proceeding or litigation involving the Marks.

The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark we license you to use or if the proceeding is resolved unfavorably to you.

It may become necessary in our sole discretion, because of trademark litigation, a decision of the Patent and Trademark Office, or otherwise, to change the Marks. In that event, you must immediately adopt the new or revised Marks at your sole expense.

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

#### **Item 14. Patents, Copyrights and Proprietary Information**

We do not currently own any patents and have no patent applications pending that are material to the franchise.

We have copyrighted and will continue to copyright the Manual and other materials loaned to you, and all training materials we provide or sell to you and your employees. We have not registered any copyrights but may in the future.

If you become aware of any infringement of our copyrights, you must immediately notify us. We may take whatever action we deem appropriate to enforce our rights or we may take no action. The Franchise Agreement does not require us to take any action. We will have the right to control any litigation or other proceeding.

The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a copyright we license you to use or if the proceeding is resolved unfavorably to you.

We may require you to modify or discontinue use of any material that may be subject to a copyright dispute or to use a substitute item at your sole expense.

The Manual(s), the contents of each, and certain other information we will provide to you, including all client and customer data and manufacturer and supplier data, regardless of who collects or enters it, and reports on marketing expenditures, if required, are all confidential trade secrets. All

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information we provide to you or which you develop in the course of performing under the Agreement which is not generally available to the public and which a competitor might find valuable are trade secrets. If we designate something as a “trade secret”, you must treat it as a trade secret whether or not it would otherwise meet any definition of “trade secret”. You are responsible for protecting all trade secrets and you cannot transfer them or sell them to anyone at any time. You must require manager(s) and other employees who have access to trade secrets to comply with your obligations under the Agreement to protect our trade secrets. You must return all copies of all trade secrets to us upon termination, expiration or nonrenewal, for any reason, of your Franchise Agreement and not use them or permit anyone else to use them thereafter for any purpose.

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

You must either devote your full time and effort to managing and operating the Licensed Business or delegate its management or operation to a responsible person. You must reserve and exercise ultimate authority and responsibility over operation and management of the Licensed Business. If you delegate management and operation to an employee, the employee must successfully complete our initial training program before beginning to serve as manager. If you are a corporation or other entity, each owner must personally guarantee the Agreement and the entity must designate a competent manager. We do not require the designated manager to be an equity owner of the franchised business. You must require each employee to whom you disclose our trade secrets to be subject to the trade secrets section of the Franchise Agreement. You must require every manager and employee with access to trade secrets to sign a confidentiality agreement.

#### **Item 16. Restrictions on What the Franchisee May Sell**

We do not restrict the goods or services you may offer or sell as long as you provide products that meet your customers' specifications and comply with all applicable laws, regulations, and requirements.

**Item 17. Renewal, Termination, Transfer and Dispute Resolution**

**THE FRANCHISE RELATIONSHIP**

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

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 2.1	10 years.
b.	Renewal or extension of the term	Section 2.2	If you are in good standing and we continue the franchise System in your area, we may permit you to renew for one additional term under the then-current agreement, which may be materially different than the agreement we are now offering.
c.	Requirements for franchisee to renew or extend	Section 2.2	Be in good standing with us, sign a release, sign new agreement, be current in training, give 6-12 months' notice and pay a fee in an amount not greater than 25% of the then-current Initial Fee. You may be required to sign a contract with materially different terms and conditions than your original contract.
d.	Termination by franchisee	None.	No provision in Agreement; you may terminate on any grounds permitted by law.
e.	Termination by Franchisor without cause	None.	
f.	Termination by Franchisor with cause	Section 8.	We may terminate only for cause.
g.	"Cause" defined—curable defaults	Section 8.2	You breach any term of the franchise or other agreement with us (30 days to cure unless a different time specified); you fail to pay any fee or charge when due (5 days to cure); you fail to pay when due any moneys due to any of your creditors (10 days to cure); you violate any public health or safety law (24 hours to cure); you misuse the Marks (10 days to cure).

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
h.	"Cause" defined—non-curable defaults	Section 8.2	Non-curable defaults: you make any misrepresentations to us; repeated defaults, even if cured; you are adjudged bankrupt; assignment for benefit of creditors; you are insolvent; you file a voluntary or involuntary bankruptcy that is not stayed or vacated; you abandon the Licensed Business; you suspend business operations; you are convicted or plead guilty to certain crimes; you breach another franchise agreement with us; you commit three breaches of any provision of the Franchise Agreement within 24 months (whether or not the same provision).
i.	Franchisee's obligations on termination/nonrenewal	Section 9a.	You must pay any moneys due to us, including damages, costs and attorney's fees; pay lost future royalties (reduced to present value); you must return all equipment, software, property and confidential information; you must stop any identification with us; you must transfer to us all telephone numbers, post office boxes, directory listings, and Internet and other addresses you used in connection with the Licensed Business.
j.	Assignment of contract by Franchisor	Section 6.13	No restriction on our right to assign.
k.	"Transfer" by franchisee—defined	Section 7.33	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of your business, or of any ownership interest in the franchisee if you are a corporation, partnership or limited liability company or other form of Entity.
l.	Franchisor approval of transfer by franchisee	Sections 6.13 & 7.33	Franchisor has the right to approve or disapprove all transfers.

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	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
m.	Conditions for Franchisor approval of transfer	Section 7.33	You must satisfy all outstanding monetary obligations to us; no history of defaults; no current defaults; you execute a general release; you reconfirm your post term obligations; assignee meets all of our then-current criteria and qualifications; assignee successfully completes any then-required training; assignee signs then-current agreement with us; you agree to remain liable for all obligations arising before the date of assignment; you pay a transfer fee of not more than 25% of the then-current Initial Franchise Fee (unless assignment is to an entity in which you own more than a 50% equity interest).
n.	Franchisor's right of first refusal to acquire franchisee's business	Sections 7.33.5 & 7.33.6.	We may match any offer for your business.
o.	Franchisor's option to purchase franchisee's business	None.	
p.	Death or disability of franchisee	Section 7.33.7.	Your heirs or personal representative must, within 90 days, transfer the Licensed Business to a person or entity that we approve. Under some circumstances, your heirs or personal representatives may have an additional 90 days to transfer the Licensed Business.
q.	Non-competition covenants during the term of the franchise	Section 7.31.1.	No involvement in any similar or competing business anywhere, subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 7.31.2.	For 24 months, you must not compete with us within the United States, solicit or hire any of our employees, former employees (within 12 months) or employees of other franchisees (within 12 months), subject to state law.
s.	Modification of the Agreement	Section 11.5.	Only by written agreement; we may modify Manual at any time.

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	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
t.	Integration/merger clause	Section 11.2.	Only the terms of the Agreement are binding (subject to applicable law). Any promises or agreements not contained in the Franchise Agreement or this Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 10.	Except for actions to enforce trademark or trade secret rights, copyrights, covenants against competition and actions for injunctive relief, we will settle all disputes with you by Arbitration in King County, Washington.
v.	Choice of forum	Section 11.16.	Litigation or arbitration must be in the State of Washington, subject to applicable state law.
w.	Choice of law	Section 11.16.	The Federal Arbitration Act shall govern dispute resolution. Otherwise, the laws of the State of Washington apply, subject to applicable state law.

If you are in California, please see the State Law Addendum.

### **Item 18. Public Figures**

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

### **Item 19. Financial Performance Representations**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representation either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting AMH Enterprises, Inc., 16478 Robina Lane NW, Seabeck, WA 98380, telephone: (360) 830-9288, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20. Outlets and Franchisee Information**

All tables in this Item 20 are current as of December 31, 2022.

**Table No. 1**  
**Systemwide Outlet Summary**  
**For Years 2021 to 2023**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	17	21	4
	2022	21	25	4
	2023	25	9	-16
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	18	22	4
	2022	22	26	4
	2023	26	10	-16

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)**  
**For Years 2021 to 2023**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Total	2021	0
	2022	0
	2023	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
AL	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
CA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
CO	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
FL	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	4	0
IL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
MA	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
MI	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
MN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NH	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	2	0

NC	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
OH	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	2	0
OR	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
TX	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
UT	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
WA	2021	3	0	0	1	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	2	0
Total	2021	17	5	0	1	0	0	21
	2022	21	4	0	0	0	0	25
	2023	25	0	0	0	0	16	9

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**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2021 to 2023**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>	<b>Column 6</b>	<b>Column 7</b>	<b>Column 8</b>
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisees</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisees</b>	<b>Outlets at End of the Year</b>
WA	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

**Table No. 5**  
**Projected Openings as of December 31, 2023**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
MN	0	1	0
OR	0	1	0
WA	0	1	0
Total	0	3	0

The preceding Table No. 5, entitled "Projected Openings" contains our goals and not representations that we will actually achieve our goals. In some instances, because of management, legal or other considerations, we may elect to offer no franchises in some listed state(s) or we may not find interested and qualified candidates in some state(s).

Attachment C contains the names of all current franchises and the addresses and telephone numbers of their outlets as of December 31, 2021

Attachment C contains the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

No franchisee or former franchisee has signed a confidentiality clause during the last three years that restricts the franchisee from discussing his or her personal experiences as a franchisee in the AMH Enterprises System with a prospective franchisee.

### **Item 21. Financial Statements**

Attachment A contains our Audited Financial Statements dated April 15, 2024, for the year ending December 31, 2023, and interim unaudited financial statements through July 31, 2023. Our fiscal year ends on December 31.

### **Item 22. Contracts**

We urge you to read all of the contracts and agreements carefully. This Disclosure Document cannot possibly contain all of the terms of the various agreements. It is important that you understand all those terms. We have attached the following contracts and agreements as Attachment B:

Attachment B - Franchise Agreement

with:

Exhibit A, State Addenda  
Exhibit B, Franchise Location;  
Exhibit C, Personal Guarantee;

### **Item 23. Receipts**

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

**AMH ENTERPRISES, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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<i>CLARKE WHITNEY CPA GROUP LLC</i> <i>CERTIFIED PUBLIC ACCOUNTANTS</i> www.clarkewhitney.com	610 Warren Avenue Bremerton, WA 98337 Phone: 360-377-4496 Fax: 360-377-4497
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
AMH Enterprises, Inc.  
Bremerton, Washington

**Opinion**

We have audited the accompanying financial statements of AMH Enterprises, Inc. (an S-corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and accumulated deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of as of AMH Enterprises, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 AMH Enterprises Inc.'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AMH Enterprises, Inc.'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 AMH Enterprises, Inc.'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.

*Clarke Whitney CPA Group LLC*

Clarke Whitney CPA Group LLC  
Bremerton, Washington  
April 15, 2024

**Attachment A - Financial Statements****AMH ENTERPRISES, INC.  
BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 20,524	\$ 31,727
Accounts receivable, less allowance for doubtful account of \$(1,138) in 2023 and \$(15,543) in 2022	18,109	38,289
Prepaid expenses	-	-
Advance to officers	<u>61,756</u>	<u>32,836</u>
Total current assets	100,389	102,852
Fixed assets, net	3,339	3,630
Intangibles, net	<u>-</u>	<u>679</u>
Total assets	<u><u>\$ 103,728</u></u>	<u><u>\$ 107,161</u></u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 912	\$ 1,493
Accrued liabilities	4,386	7,576
Current portion of long-term debt	<u>39,824</u>	<u>82,680</u>
Total current liabilities	45,122	91,749
Long-term debt		
Performance obligations	<u>130,072</u>	<u>311,805</u>
Total liabilities	175,194	403,554
Stockholders' equity		
Common stock, no par value, 50,000 authorized, 101 issued and outstanding	20,000	20,000
Accumulated deficit	(80,866)	(305,793)
Treasury stock, at cost, 99 shares	<u>(10,600)</u>	<u>(10,600)</u>
Total stockholders' equity	<u>(71,466)</u>	<u>(296,393)</u>
Total liabilities and stockholders' equity	<u><u>\$ 103,728</u></u>	<u><u>\$ 107,161</u></u>

The accompanying notes are an integral part of these financial statements

**Attachment A - Financial Statements****AMH ENTERPRISES, INC.  
STATEMENTS OF INCOME AND ACCUMULATED DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Franchise fee income	\$ 259,589	\$ 94,388
Consulting income	102,088	88,097
Other income	7	26
Total revenues	<u>361,684</u>	<u>182,511</u>
Expenses		
Advertising and promotion	360	1,560
Amortization	-	1,600
Bad debt	9,577	-
Commissions	20,100	12,500
Depreciation	969	2,278
Dues, licenses, permits and taxes	4,473	5,005
Information technology services	2,200	2,600
Meals and entertainment	573	1,062
Office	1,882	2,302
Payroll taxes	3,658	2,836
Professional fees	30,813	20,395
Repairs and maintenance	1,343	-
Telephone	2,235	2,120
Travel and transportation	2,133	1,975
Wages	38,441	41,446
Total expenses	<u>118,757</u>	<u>97,679</u>
Net income (loss)	242,927	84,832
Beginning accumulated deficit	(305,793)	(372,058)
Less: stockholder distributions	(18,000)	(18,567)
Ending accumulated deficit	<u>\$ (80,866)</u>	<u>\$ (305,793)</u>

The accompanying notes are an integral part of these financial statements

**AMH ENTERPRISES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income (loss)	\$ 242,927	\$ 84,832
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	969	3,878
(Increase) decrease in:		
Accounts receivable, net	20,181	9,199
Advance to officers	(28,921)	(4,419)
Prepaid expenses	-	4,400
Increase (decrease) in:		
Accounts payable	(580)	(2,669)
Accrued liabilities	(3,190)	(5,119)
Performance obligations	<u>(224,589)</u>	<u>(58,906)</u>
Net cash provided (used) by operating activities	6,797	31,196
Cash flows from investing activities	-	-
Cash flows from financing activities:		
Payments of distributions	<u>(18,000)</u>	<u>(18,567)</u>
Net cash used by financing activities	<u>(18,000)</u>	<u>(18,567)</u>
Net increase (decrease) in cash and cash equivalents	(11,203)	12,629
Cash and cash equivalents, beginning	<u>31,727</u>	<u>19,098</u>
Cash and cash equivalents, ending	<u>\$ 20,524</u>	<u>\$ 31,727</u>
Supplementary Information		
Cash paid for interest	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

**AMH ENTERPRISES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Company

AMH Enterprises, Inc. (an S Corporation) incorporated in the State of Washington, is a franchiser that delivers a wide range of professional consulting and procurement services for the resale of goods throughout the United States. AMH Enterprises and the AMH Enterprises franchisees provide assistance to government and private sector commercial businesses in the resale industry through the role of consultant and expeditor for these business' procurement needs. AMH Enterprises provides the training and support systems, the operations manuals, cooperative networking opportunities, management and technical support, and other services for franchisees.

Basis of Accounting

AMH Enterprises financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents consists of money held in checking and savings accounts. The carrying value of cash and cash equivalents approximates fair value because of its highly liquid nature.

Credit Risk

AMH Enterprises maintains its cash in deposit accounts at financial institutions that are insured up to \$250,000 by the Federal Deposit Insurance Corporation. AMH Enterprises has maintained its balances below the insured level throughout the years ended December 31, 2023 and 2022.

Accounts Receivable

AMH Enterprises reports accounts receivable at net realizable value. Accounts receivable are stated net of an allowance for doubtful accounts. Prior to 2023, the Company estimated the allowance based on its historical experience of the relationship between actual bad debts and the outstanding balance of accounts receivable at year end. As a result of changes in the Company's allowance policy during 2023, the Company changed to estimating the allowance based on an analysis of specific franchisees, taking into consideration the age of past due accounts and an assessment of the franchisee's ability to pay. This change resulted in a \$5,781 increase in net income for the year ended December 31, 2023. The allowance for doubtful accounts was \$1,138 and \$15,543 at December 31, 2023 and 2022, respectively.

**AMH ENTERPRISES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Revenue Recognition

AMH Enterprises receives consulting income from franchisees, which consists of a percentage of the franchisees sales. Revenue from consulting income is recognized upon the completion of the awarded contract by the franchisee.

AMH Enterprises also provides franchise training and support services to franchisees on an as-and-when-needed basis under ten-year contracts. The franchisee pays a one-time franchise fee at the beginning of the contract as described in NOTE 6 - FRANCHISING FEES. In accordance with ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), AMH Enterprises measures progress toward complete satisfaction of the performance obligation using a time-based measure. AMH Enterprises recognizes 25% of the franchise fee in the first year due to additional training and set-up of each franchise and the remaining 75% of the franchise fee over the contract terms using a straight line method. Franchisees that breach the franchise agreement are terminated and the unamortized franchisee fees are recognized as earned in the year of the termination.

The aggregate amount of contract performance obligations as of December 31, 2023 that we expect to recognize as minimum revenue over the remainder of the contracts is as follows:

2024	\$ 39,824
2025	29,206
2026	29,206
2027	21,330
2028	16,830
Thereafter	<u>33,500</u>
	<u>\$ 169,896</u>

Income Tax

AMH Enterprises, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the AMH Enterprises' taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. AMH Enterprises is no longer subject to U.S. federal, or state and local income tax examinations by tax authorities for years before 2021.

**AMH ENTERPRISES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fixed Assets and Intangibles

Fixed assets and intangibles are stated at cost. Depreciation and amortization are computed over the estimated useful life of the assets using the straight-line method. Currently assets held by AMH Enterprises, Inc. have estimated useful lives as follows:

Fixed assets	5 - 40 Years
Intangibles	5 - 15 Years

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from the estimates that were used.

Advertising

AMH Enterprises' advertising expenses are recognized as they are incurred. Total advertising expenses incurred for the years ended December 31, 2023 and 2022 were \$360 and \$1,560, respectively.

Operating and Finance Leases

AMH Enterprises, Inc. has adopted accounting standard ASU 2016-02, Leases (Topic 842), but the company has no leases that exceed 12 month during the years ended December 31, 2023 and 2022.

**NOTE 2 – RELATED PARTIES**

The stockholders of AMH Enterprises, Inc. operate a related entity that offers similar services as its franchised business. A Pak Solutions is owned by two shareholders and two officers of AMH Enterprises, Inc., and operates in Bremerton, Washington. This entity provides the business model and leverage for AMH Enterprises, Inc. As of December 31, 2023 and 2022 no transactions have occurred between the entities.

**AMH ENTERPRISES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 3 – COMMON STOCK**

As of December 31, 2023 and 2022 stockholders's common stock is listed below:

	Ann & Alan Phillips
Number of shares issued - December 31, 2022	101
Common stock, ending - December 31, 2022	\$ 20,000
Number of shares issued - December 31, 2023	101
Common stock, ending - December 31, 2023	\$ 20,000

**NOTE 4 – FIXED ASSETS AND INTANGIBLES**

AMH Enterprises incurred \$969 and \$3,878 of depreciation and amortization expenses for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, fixed assets and intangible assets consisted of the following:

	<u>2023</u>	<u>2022</u>
Capital improvements	\$ 2,710	\$ 2,710
Equipment	8,241	38,898
Software	-	16,735
Organizational costs	34,268	34,268
Total fixed assets and intangibles	45,219	92,611
Less: Accumulated depreciation	(7,612)	(37,978)
Less: Accumulated amortization	(34,268)	(50,324)
Total fixed assets and intangibles, net	\$ 3,339	\$ 4,309

**NOTE 5 – ADVANCES FROM STOCKHOLDERS**

During the years ended December 31, 2023 and 2022 Ann and Alan Phillips did not advance additional funding to the company for operating expenses. These stockholders did not receive any repayment during the years ended December 31, 2023 and 2022. Any advances are due on demand and have an assumed variable interest rate of US Prime Rate plus 9.48 per annum. The balance of these advances as of December 31, 2023 and 2022 is \$0 and \$0, respectively.

**AMH ENTERPRISES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 6 – FRANCHISING FEES**

AMH Enterprises executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$35,000 for the year ended December 31, 2023 and 2022 and continuing fees based upon a percentage of sales. Subject to the AMH Enterprises' approval and payment of a renewal fee, a franchisee may generally renew its agreement upon its expiration.

When an individual franchise is sold, the AMH Enterprises agrees to provide certain services and equipment to the franchisee, including training and systems implementation. AMH Enterprises recognizes initial fees over the life of the contract. Initial fees included in revenues for the years ended December 31, 2023 and 2022 were \$259,589 and \$94,388, respectively. Information about the number of franchises is as follows:

	<u>2023</u>	<u>2022</u>
Purchased	1	1
Expired	2	3
Terminated	14	0
In operation as of December 31,	10	25

**NOTE 7 – ADVANCE TO OFFICERS**

During the years ended December 31, 2023 and 2022, officers of AMH Enterprises were advanced \$48,200 and \$4,419 in funds, respectively, from the company. There were repayments of \$19,279 and \$0 made during the years ended December 31, 2023 and 2022, respectively and there were also distributions paid to shareholders during these years. The balance of these advances to shareholders was \$61,756 and \$32,836 as of December 31, 2023 and 2022, respectively.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through, April 15, 2024, the date which the financial statements were available to be issued, and there were none to disclose.

**AMH ENTERPRISES, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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<i>CLARKE WHITNEY CPA GROUP LLC</i> <i>CERTIFIED PUBLIC ACCOUNTANTS</i> www.clarkewhitney.com	610 Warren Avenue Bremerton, WA 98337 Phone: 360-377-4496 Fax: 360-377-4497
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
AMH Enterprises, Inc.  
Bremerton, Washington

**Opinion**

We have audited the accompanying financial statements of AMH Enterprises, Inc. (an S-corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and accumulated deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of as of AMH Enterprises, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 AMH Enterprises Inc.'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AMH Enterprises, Inc.'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 AMH Enterprises, Inc.'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.

*Clarke Whitney CPA Group LLC*

Clarke Whitney CPA Group LLC  
Bremerton, Washington  
April 5, 2023



**Attachment A - Financial Statements****AMH ENTERPRISES, INC  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 31,727	\$ 19,098
Accounts receivable, less allowance for doubtful account of \$(15,543) in 2022 and \$(41,219) in 2021	38,289	47,488
Prepaid expenses	-	4,400
Advance to officers	<u>32,836</u>	<u>28,416</u>
Total current assets	102,852	99,402
Fixed assets, net	3,630	5,908
Intangibles, net	<u>679</u>	<u>2,279</u>
Total assets	<u>\$ 107,161</u>	<u>\$ 107,589</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 1,493	\$ 4,162
Accrued liabilities	7,576	12,695
Current portion of long-term debt	<u>82,680</u>	<u>82,530</u>
Total current liabilities	91,749	99,387
Long-term debt		
Performance obligations	<u>311,805</u>	<u>370,860</u>
Total liabilities	403,554	470,247
Stockholders' equity		
Common stock, no par value, 50,000 authorized, 101 issued and outstanding	20,000	20,000
Accumulated deficit	(305,793)	(372,058)
Treasury stock, at cost, 99 shares	<u>(10,600)</u>	<u>(10,600)</u>
Total stockholders' equity	<u>(296,393)</u>	<u>(362,658)</u>
Total liabilities and stockholders' equity	<u>\$ 107,161</u>	<u>\$ 107,589</u>

The accompanying notes are an integral part of these financial statements

**Attachment A - Financial Statements**

**AMH ENTERPRISES, INC.**  
**STATEMENTS OF INCOME AND ACCUMULATED DEFICIT**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Franchise fee income	\$ 94,388	\$ 121,730
Consulting income	88,097	117,905
Other income	<u>26</u>	<u>55</u>
Total revenues	182,511	239,690
Expenses		
Advertising and promotion	1,560	2,760
Amortization	1,600	2,285
Bad debt	-	58,145
Commissions	12,500	32,500
Depreciation	2,278	2,143
Dues, licenses, permits and taxes	5,005	4,148
Information technology services	2,600	1,600
Meals and entertainment	1,062	1,471
Office	2,302	1,297
Payroll taxes	2,836	3,114
Professional fees	20,395	76,277
Telephone	2,120	2,368
Travel and transportation	1,975	1,347
Wages	<u>41,446</u>	<u>47,802</u>
Total expenses	<u>97,679</u>	<u>237,257</u>
Net income (loss)	84,832	2,433
Beginning accumulated deficit	(372,058)	(372,058)
Less: stockholder distributions	<u>(18,567)</u>	<u>(2,433)</u>
Ending accumulated deficit	<u>\$ (305,793)</u>	<u>\$ (372,058)</u>

The accompanying notes are an integral part of these financial statements

**Attachment A - Financial Statements**

**AMH ENTERPRISES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income (loss)	\$ 84,832	\$ 2,433
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,878	4,428
(Increase) decrease in:		
Accounts receivable, net	9,199	9,389
Advance to officers	(4,419)	(22,239)
Prepaid expenses	4,400	(3,200)
Increase (decrease) in:		
Accounts payable	(2,669)	(11,233)
Accrued liabilities	(5,119)	(7,190)
Performance obligations	<u>(58,906)</u>	<u>3,270</u>
Net cash provided (used) by operating activities	31,196	(24,342)
Cash flows from investing activities		
Acquisition of equipment and software	<u>-</u>	<u>(1,527)</u>
Net cash used by investing activities	-	(1,527)
Cash flows from financing activities:		
Payments for treasury stock	-	(600)
Payments of distributions	<u>(18,567)</u>	<u>(2,433)</u>
Net cash used by financing activities	<u>(18,567)</u>	<u>(3,033)</u>
Net increase (decrease) in cash and cash equivalents	12,629	(28,902)
Cash and cash equivalents, beginning	<u>19,098</u>	<u>48,000</u>
Cash and cash equivalents, ending	<u>\$ 31,727</u>	<u>\$ 19,098</u>
Supplementary Information		
Cash paid for interest	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

**AMH ENTERPRISES, INC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Company

AMH Enterprises, Inc. (an S Corporation) incorporated in the State of Washington, is a franchiser that delivers a wide range of professional consulting and procurement services for the resale of goods throughout the United States. AMH Enterprises and the AMH Enterprises franchisees provide assistance to government and private sector commercial businesses in the resale industry through the role of consultant and expeditor for these business' procurement needs. AMH Enterprises provides the training and support systems, the operations manuals, cooperative networking opportunities, management and technical support, and other services for franchisees.

Basis of Accounting

AMH Enterprises financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents consists of money held in checking and savings accounts. The carrying value of cash and cash equivalents approximates fair value because of its highly liquid nature.

Credit Risk

AMH Enterprises maintains its cash in deposit accounts at financial institutions that are insured up to \$250,000 by the Federal Deposit Insurance Corporation. AMH Enterprises has maintained its balances below the insured level throughout the years ended December 31, 2022 and 2021.

Accounts Receivable

AMH Enterprises reports accounts receivable at net realizable value. The allowance for doubtful accounts receivable is estimated based on the amount of time the account has been past due, and the likelihood of receiving payment bases on past collection efforts. As of December 31, 2022 and 2021 the AMH Enterprises had allowance for doubtful accounts in the amount of \$15,543 and \$41,219, respectively.

Revenue Recognition

AMH Enterprises receives consulting income from franchisees, which consists of a percentage of the franchisees sales. Revenue from consulting income is recognized upon the completion of the awarded contract by the franchisee.

**AMH ENTERPRISES, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Revenue Recognition - Continued

AMH Enterprises also provides franchise training and support services to franchisees on an as-and-when-needed basis under ten-year contracts. The franchisee pays a one-time franchise fee at the beginning of the contract as described in NOTE 6 - FRANCHISING FEES. AMH Enterprises measures progress toward complete satisfaction of the performance obligation using a time-based measure. Accordingly, AMH Enterprises recognizes 25% of the franchise fee in the first year due to additional training and set-up of each franchise and the remaining 75% of the franchise fee over the contract terms using a straight line method.

The aggregate amount of contract performance obligations as of December 31, 2022 that we expect to recognize as minimum revenue over the remainder of the contracts is as follows:

2023	\$ 82,680
2024	71,805
2025	59,063
2026	56,438
2027	45,937
Thereafter	<u>78,562</u>
	<u>\$ 394,485</u>

Income Tax

AMH Enterprises, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the AMH Enterprises' taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. AMH Enterprises is no longer subject to U.S. federal, or state and local income tax examinations by tax authorities for years before 2019.

Fixed Assets and Intangibles

Fixed assets and intangibles are stated at cost. Depreciation and amortization are computed over the estimated useful life of the assets using the straight-line method. Currently assets held by AMH Enterprises, Inc. have estimated useful lives as follows:

Fixed assets	5 - 40 Years
Intangibles	5 - 15 Years

**AMH ENTERPRISES, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from the estimates that were used.

Advertising

AMH Enterprises' advertising expenses are recognized as they are incurred. Total advertising expenses incurred for the years ended December 31, 2022 and 2021 were \$1,560 and \$2,760, respectively.

**NOTE 2 – RELATED PARTIES**

The stockholders of AMH Enterprises, Inc. operate a related entity that offers similar services as its franchised business. A Pak Solutions is owned by two shareholders and two officers of AMH Enterprises, Inc., and operates in Bremerton, Washington. This entity provides the business model and leverage for AMH Enterprises, Inc. As of December 31, 2022 and 2021 no transactions have occurred between the entities.

**NOTE 3 – COMMON STOCK**

As of December 31, 2022 and 2021 stockholders's common stock is listed below:

	<u>Ann &amp; Alan Phillips</u>
Number of shares issued - December 31, 2021	101
Common stock, ending - December 31, 2021	\$ 20,000
Number of shares issued - December 31, 2022	101
Common stock, ending - December 31, 2022	\$ 20,000

**AMH ENTERPRISES, INC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 – FIXED ASSETS AND INTANGIBLES**

AMH Enterprises incurred \$3,878 and \$4,428 of depreciation and amortization expenses for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, fixed assets and intangible assets consisted of the following:

	<u>2022</u>	<u>2021</u>
Capital improvements	\$ 2,710	\$ 2,710
Equipment	38,898	38,898
Software	16,735	16,735
Organizational costs	<u>34,268</u>	<u>34,268</u>
Total fixed assets and intangibles	92,611	92,611
Less: Accumulated depreciation	(37,978)	(35,700)
Less: Accumulated amortization	<u>(50,324)</u>	<u>(48,724)</u>
Total fixed assets and intangibles, net	<u>\$ 4,309</u>	<u>\$ 8,187</u>

**NOTE 5 – ADVANCES FROM STOCKHOLDERS**

During the years ended December 31, 2022 and 2021 Ann and Alan Phillips did not advance additional funding to the company for operating expenses. These stockholders did not receive any repayment during the years ended December 31, 2022 and 2021. Any advances are due on demand and have an assumed variable interest rate of US Prime Rate plus 9.48 per annum. The balance of these advances as of December 31, 2022 and 2021 is \$0 and \$0, respectively.

**NOTE 6 – FRANCHISING FEES**

AMH Enterprises executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$35,000 for the year ended December 31, 2022 and 2021 and continuing fees based upon a percentage of sales. Subject to the AMH Enterprises' approval and payment of a renewal fee, a franchisee may generally renew its agreement upon its expiration.

When an individual franchise is sold, the AMH Enterprises agrees to provide certain services and equipment to the franchisee, including training and systems implementation. AMH Enterprises recognizes initial fees over the life of the contract. Initial fees included in revenues for the years ended December 31, 2022 and 2021 were \$94,388 and \$121,730, respectively. Information about the number of franchises is as follows:

	<u>2022</u>	<u>2021</u>
Purchased	1	3
In operation as of December 31,	36	37

**AMH ENTERPRISES, INC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 7 – ADVANCE TO OFFICERS**

During the years ended December 31, 2022 and 2021, officers of AMH Enterprises were advanced \$4,419 and \$28,416 in funds, respectively, from the company. There were no repayments made during the years ended December 31, 2022 and 2021, although there were distributions paid to shareholders during these years. The balance of these advances to shareholders was \$32,836 and \$28,416 as of December 31, 2022 and 2021, respectively.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through, April 5, 2023, the date which the financial statements were available to be issued, and there were none to disclose.

## AMH Enterprises Inc

## Balance Sheet

As of August 20, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
AMH INC 6% FEE (6374)	36,190.02
AMH SAVINGS (1517)	6,345.28
Petty Cash	200.00
<b>Total Bank Accounts</b>	<b>\$42,735.30</b>
Accounts Receivable	
Accounts Receivable (A/R)	47,455.26
<b>Total Accounts Receivable</b>	<b>\$47,455.26</b>
Other Current Assets	
Advances to Officers	32,835.64
Allowance for Doubtful Accounts	-15,542.91
Payroll Corrections	0.00
Prepaid Expenses	0.00
Uncategorized Asset	0.00
Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$17,292.73</b>
<b>Total Current Assets</b>	<b>\$107,483.29</b>
Fixed Assets	
Accumulated Amortization	-50,324.00
Accumulated Depreciation	-37,978.00
Capital Improvements	2,709.69
Fixed Asset Computers	2,725.98
Furniture & Fixtures	36,171.91
Intangible Assets	16,734.78
<b>Total Fixed Assets</b>	<b>\$ -29,959.64</b>
Other Assets	
Organizational Expense	34,268.00
<b>Total Other Assets</b>	<b>\$34,268.00</b>
<b>TOTAL ASSETS</b>	<b>\$111,791.65</b>

This Balance Sheet Dated August 20, 2024  
Has Not Been Audited.

## AMH Enterprises Inc

## Balance Sheet

As of August 20, 2024

	TOTAL
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts payable	0.00
<b>Total Accounts Payable</b>	<b>\$0.00</b>
Other Current Liabilities	
A Pak	0.00
Deferred Revenue	394,485.00
Loan from A PAK Solutions	0.00
Payroll Liabilities	
Co. HSA	300.00
Federal Taxes (941/944)	0.00
Federal Unemployment (940)	0.00
S-Corp Health Insurance	0.00
WA Paid Family and Medical Leave Tax	0.00
WA SUI Employer	0.00
WA Workers Compensation	0.00
<b>Total Payroll Liabilities</b>	<b>300.00</b>
<b>Total Other Current Liabilities</b>	<b>\$394,785.00</b>
<b>Total Current Liabilities</b>	<b>\$394,785.00</b>
<b>Total Liabilities</b>	<b>\$394,785.00</b>
Equity	
Common Stock	
Common Stock - Phillips	10,100.00
Common Stock - Tom	9,900.00
<b>Total Common Stock</b>	<b>20,000.00</b>
Opening Balance Equity	0.00
Partner Distributions - Phillips	-29,759.62
Partner Distributions - Tom	0.00
Partner Dividends	-12,200.00
Prior Period Adjustment	-131,758.03
Retained Earnings	-143,958.33
Suspense Partner Buyout	0.00
Treasury Stock	-10,600.00
Net Income	25,282.63
<b>Total Equity</b>	<b>\$ -282,993.35</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$111,791.65</b>

This Balance Sheet Dated August 20, 2024  
Has Not Been Audited.

## AMH Enterprises Inc

## Profit and Loss

January 1 - August 20, 2024

	TOTAL
Income	
Services	56,317.06
<b>Total Income</b>	<b>\$56,317.06</b>
GROSS PROFIT	<b>\$56,317.06</b>
Expenses	
Car & Truck	93.13
Dues & subscriptions	3,850.00
Franchise Fee Expense	600.00
Legal & Professional Services	12,962.50
Meals & Entertainment	187.61
Office Supplies & Software	1,392.82
Payroll Expenses	
Taxes	0.00
Wages	9,636.00
<b>Total Payroll Expenses</b>	<b>9,636.00</b>
Repairs & Maintenance	108.32
Taxes & Licenses	70.00
B&O Taxes	912.15
<b>Total Taxes &amp; Licenses</b>	<b>982.15</b>
TELEPHONE	1,211.99
Travel	10.35
<b>Total Expenses</b>	<b>\$31,034.87</b>
NET OPERATING INCOME	<b>\$25,282.19</b>
Other Income	
Interest Earned	0.44
<b>Total Other Income</b>	<b>\$0.44</b>
NET OTHER INCOME	<b>\$0.44</b>
NET INCOME	<b>\$25,282.63</b>

This Profit and Loss Statement Dated August 20, 2024  
Has Not Been Audited

# **AMH Enterprises Franchise Agreement**

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## **AMH Enterprises Franchise Agreement**

Franchise Agreement No.: \_\_\_\_\_

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

DATED: \_\_\_\_\_ (“Effective Date”)

BETWEEN: AMH Enterprises, Inc. (“Franchisor”)  
16478 Robina Lane NW, Seabeck, WA 98380

AND: \_\_\_\_\_ (“Franchisee”)  
[address] \_\_\_\_\_

LOCATION: City: \_\_\_\_\_; State: \_\_\_\_\_

(See exact address of location of Licensed Business in Exhibit B.)

**THIS FRANCHISE AGREEMENT** is made the date set above (the “Effective Date”) between **AMH ENTERPRISES, INC.**, a Washington corporation (the “Franchisor”), and the person identified above as Franchisee (the “Franchisee”), (“this Agreement”).

### RECITALS

A. Franchisor, itself and through its affiliates, has developed a system of training standards, methods, procedures, and specifications (hereinafter referred to as the “AMH System”) for the operation of a franchise (the “AMH Enterprises Franchise”) providing consulting assistance to government and private sector businesses in procurement and resale of goods. The Franchisee’s role is that of an independent consultant providing procurement services for the resale of goods.

B. Franchisee desires to operate an AMH Franchise using the AMH System (as more fully defined in AMH Operations Manual (“the Manual”), and Franchisor desires to grant Franchisee a license to open and operate an AMH Enterprises Franchise and to use the AMH System and other Confidential Information in the operation thereof (as defined herein in Section 7.19).

C. Franchisee recognizes the business risks inherent in the franchised business and that Franchisee’s success depends on its own efforts. Franchisee warrants that it has not received any guarantee of sales, profits, or success of the franchised business.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

## **Section 1    License.**

1.1. Grant of License. Upon the terms, conditions and limitations of this Agreement, Franchisor grants to Franchisee a nonexclusive, non-transferable license (the “License”) to operate an AMH Enterprises Franchise using the AMH System, and Copyrights and other Confidential Information (as herein defined under Section 7.19), which shall be devoted exclusively to the business operated under the AMH System. Franchisor and its affiliates reserve the right to issue franchises or operate competing businesses for or at any location in the world, to provide competing and/or other services to any Client.

1.2. Acceptance of License. Franchisee hereby accepts the License and agrees to operate the AMH Enterprises Franchise according to the provisions of this Agreement for the entire Term, as herein defined.

## **Section 2    Initial Term and Successor Terms.**

2.1. Initial Term. The initial term (the “Term”) of the License begins on the Effective Date and ends at midnight ten (10) years after the Effective Date (the “Expiration Date”), unless terminated earlier as provided herein.

2.2.    Successor Term. Subject to the provisions of this Section:

2.2.1.            Franchisee may, at Franchisee’s option, obtain one (1) additional ten (10) year term by:

- (i) Notifying Franchisor in writing of Franchisee’s desire to obtain a successor License at least six (6) months and no more than twelve (12) months, prior to the Expiration Date of the Initial Term;
- (ii) Delivering to Franchisor a fully executed franchise agreement in Franchisor’s then-current form of the successor franchise agreement, and all other agreements Franchisor then requires between Franchisee and Franchisor. Franchisee acknowledges that Franchisor’s form of successor franchise agreement may contain terms materially different than those contained in this Agreement, including, but without limitation, higher rates of fees (as herein defined), and additional and/or other fees and charges; provided, however, the fee rates shall not be higher than those being charged to new franchisees of Franchisor as of the Expiration Date;
- (iii) Franchisee executes a general release, in a form prescribed by Franchisor, in favor of Franchisor, its officers, directors, shareholders and agents and employees of Franchisor and each of its affiliates—provided such general release shall have no effect on claims that cannot be waived pursuant to applicable law; and
- (iv) Paying to Franchisor the Successor fee (as defined in Section 3.8).

2.2.2.            Notwithstanding the provisions of Section 2.2.1, Franchisee may not renew the License unless:

- (i) Franchisee has fully performed and complied with each provision of this Agreement within the three prior years to, and as of, the Expiration Date;
- (ii) No Event(s) of Default (as herein defined in Section 8.2), or event which with the giving of notice or passage of time or both would constitute an Event(s) of Default, exists as of the Expiration Date, and
- (iii) Franchisee has met all of Franchisor’s then-current training requirements.

## **Section 3    Fees.**

3.1.    Initial Franchise Fee. Upon Franchisee’s business opening and Franchisor completing all of its material pre-opening obligations to Franchisee, Franchisee shall pay Franchisor the Initial Franchise

## Attachment B – Franchise Agreement

Fee, Thirty-Five Thousand Dollars (\$35,000), for the License (“Initial Franchise Fee”). The Initial Franchise Fee includes the Initial Training as more fully described herein and in the Manual. Upon Franchisee’s business opening and Franchisor completing all of its material pre-opening obligations, such fee shall be deemed to have been fully earned by Franchisor and shall be nonrefundable, except as expressly provided below. Franchisee is responsible for paying any applicable federal, state, or local taxes assessed on the Initial Franchise Fee. Franchisee shall have Franchisee’s bank verify to Franchisor at the time Franchisee signs this Agreement that Franchisee has sufficient funds available to pay the Initial Franchise Fee.

3.2. Gross Revenue. Gross Revenue shall be the aggregate of all amounts received or receivable by Franchisee directly or indirectly from the sale of Products (as defined herein under Section 6.6) and/or delivery of Services (as defined herein under Section 7.15) in the AMH Enterprises Franchise including the value of any benefits received by Franchisee or any person at Franchisee’s direction arising directly or indirectly from any sale in the AMH Enterprises Franchise.

3.2.1. Gross Revenue shall be deemed received by Franchisee at the time any payment is received from the Clients (as herein defined in Section 7.15), whether such payment represents an installment or partial payment or payment in full for any of the products, merchandise or services sold, contracted for or rendered. Gross Revenue consisting of property or services shall be valued at the prices applicable at the time such Gross Revenues are received for any products or services exchanged for such Gross Revenue.

3.2.2. Gross Revenue shall not include: Sales taxes or other taxes measured on the basis of the Gross Revenue of the business imposed by governmental authorities directly on sales and collected from Clients, provided the taxes are added to the selling price and are in fact paid by Franchisee to the appropriate governmental authorities; and Sales for which refunds have been made to Clients to the extent that such sales have been previously included in Gross Revenue for which payment was received.

3.2.3. Franchisee shall report the daily Gross Revenues to Franchisor at least weekly, at the time of payment. Franchisor will prescribe the timing and form of the payment and report from time to time, in the Manual.

3.3. Ongoing Fees. Franchisee shall pay continuing fees as follows.

3.3.1. Royalty Fee. Franchisee shall pay Franchisor a monthly royalty fee of 6% of the Gross Revenues.

3.3.2 Annual Training Conference Fee. Franchisee shall attend a training conference once a year if designated by Franchisor as mandatory. If Franchisor conducts an annual training conference, Franchisee shall pay to Franchisor a training conference fee for the conference of \$1,000 per year and such fee shall be due and payable regardless of whether Franchisee actually attends the conference. The maximum fee shall be adjusted no more frequently than annually to account for changes in the cost of living since the last prior adjustment.

3.3.3. Additional Employee Training Fee. If Franchisee elects to hire employees (including “independent contractors”) each employee shall successfully complete the Initial Training program the same as Franchisee. If Franchisee requests such training for employees, Franchisee may be required to pay to Franchisor, in advance, fees of up to \$1,500 per person per day, subject to adjustment no more frequently than annually to account for changes in the cost of living since the last prior adjustment. If training is at Franchisee’s location, Franchisee shall also reimburse Franchisor for the trainer's travel, living, meals, and related expenses.

3.4. Time and Place of Payment. All monies due and payable under this Agreement shall be paid to Franchisor at the time set forth in the Manual, or if not set forth therein, weekly, or where applicable, within seven days of the date of the invoice sent by Franchisor to Franchisee. All fees shall be paid by direct deposit from Franchisee’s bank account. To facilitate payment from Franchisee’s bank account, Franchisee shall sign any forms needed by Franchisee’s or Franchisor’s bank to deduct the payments. All money payable by Franchisee to Franchisor must be paid directly into Franchisor’s account, or where applicable, at Franchisor’s address set out in this Agreement or any other place or account Franchisor directs.

3.5. Late Payments. To encourage prompt and timely payment of all Fees due under this Agreement and to cover the costs and expenses involved in handling and processing any payments not received by their last due dates, Franchisee shall in addition pay to Franchisor, upon demand, a delinquent fee of interest calculated at the rate of eighteen percent (18%) per annum or at the maximum rate of interest allowed by law, whichever is less, on any money not paid on the due date for payment.

3.6. Application of Payments. Franchisor shall apply any payments received from Franchisee to any past-due indebtedness of Franchisee for payments due under this Agreement, late payment charges, or any other indebtedness of Franchisee to Franchisor or its affiliates in any order that Franchisor may elect.

3.7. Deductions. Franchisor may deduct any money due from Franchisee from any money due from Franchisor to Franchisee.

3.8. Successor Fee. Upon Franchisee’s execution of a successor franchise agreement pursuant to Section 2.2, Franchisee shall pay to Franchisor a successor fee (the “Successor Fee”) equal to not more than twenty-five percent (25%) of the then-current Franchise Fee.

## **Section 4 Representations of Franchisor.**

4.1. Organization. Franchisor is a corporation organized, validly existing and in good standing under the laws of the State of Washington and has full power and authority to execute, deliver and perform this Agreement.

4.2. Authority. This Agreement has been duly authorized by all requisite actions required by Franchisor and constitutes the valid and binding obligation of Franchisor, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership and other similar laws affecting the rights of creditors generally.

4.3. Trademarks. If Franchisor determines that any of Franchisor's Marks conflict with any other marks, or that the use of such Marks, in Franchisor's opinion, is not in the best interest of the Franchisor, the AMH Enterprises Franchise or the AMH System, Franchisor may, at its sole election, and without incurring any liability to Franchisee, substitute other marks therefore. Franchisee consents to any such substitution by Franchisor and Franchisee shall bear any costs that may be incurred while completing the substitution.

## **Section 5 Representations of and Acknowledgments by Franchisee.**

5.1. Truth of Information. The information (including without limitations all personal and financial information) furnished and to be furnished to Franchisor by Franchisee or its equity holders is as of the Effective Date or such other date such information is furnished to Franchisor, as the case may be, true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

5.2. Authority. This Agreement has been duly authorized by all requisite actions required by or on behalf of Franchisee and constitutes the valid and binding obligation of Franchisee, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership and other similar laws affecting the rights of creditors generally.

5.3. Receipt of Agreement and Franchise Disclosure Document. Franchisee has received a copy of the form of this Agreement and a Franchise Disclosure Document required by applicable state and federal laws (the "Franchise Disclosure Document") regarding the terms of this Agreement, among other things, at least fourteen (14) calendar days before its execution by Franchisee, the execution of any related agreements or the payment of any consideration to Franchisor, and Franchisee has reviewed this Agreement and the Franchise Disclosure Document, has had ample opportunity to consult with and ask questions of Franchisor's representatives regarding the content of this Agreement and the Franchise Disclosure Document. Franchisee has also been accorded ample time to consult Franchisee's own legal and other advisors about the potential risks and benefits of entering into this Agreement, and has been advised to do so by Franchisor.

5.4. AMH System Changes. Franchisor may from time to time, in its sole discretion, but is not obligated to, add to, reduce, modify or amend the AMH System and/or the scope or type of products or services Franchisee shall be required or entitled to offer under Franchisor's Marks.

## **Section 6 Covenants and Agreements of Franchisor.**

6.1. Operations Manual ("Manual"). Franchisor shall lend, or at Franchisor's election, provide electronic access to one (1) copy of the Manual, after payment of the Initial Franchise Fee in full, for use as needed, during the Term. The Manual is developed by AMH Enterprises and provided to Franchisee relating to the AMH Enterprises Franchise and includes the information on operations, policies, marketing, sales, training, business operation plan (regarding the format only.) The contents of any business operation plan completed by Franchisee are confidential to Franchisee and will include any amendments or variations to any of the Manual during the Term. Franchisor may amend the Manual during the Term, from time to time, in its discretion, by delivering amendments to Franchisee. Amendments shall be effective upon receipt by Franchisee. The Manual shall remain the property of Franchisor and shall be returned to Franchisor immediately upon expiration or termination of this Agreement. At Franchisor's election, the Manual and any updates or amendments may be in electronic form.

6.2. Basic Computer Hardware and Software. Franchisee is required to obtain computer hardware and software as set forth in the Manual. Franchisee shall upgrade computer hardware and software as

required by Franchisor, not to exceed an expenditure by Franchisee of \$2,500 every two years following the Effective Date.

6.3. Initial Training. Franchisor shall provide to Franchisee an Initial Training program (“Initial Training”), digitally, via telephone and Internet, on the AMH System, methods, policies, procedures and conducting the AMH Enterprises Franchise, or if Franchisee is an entity, such training shall be provided to one of the equity owners of Franchisee (a “Managing Owner”), or, if Franchisee has hired a Manager or Employee (as defined in Section 7), the Manager or Employee of the AMH Enterprises Franchise. Initial Training will consist of Internet and telephone training and one day of “on-the-job” training. In consideration of payment of the Initial Fees, the Initial Training will be at the cost of Franchisor. Franchisee must pay the cost of any additional training, any additional employees’ training, its, and its employees’ or agents’ benefits, salary, insurance, and all associated travel expenses incurred for any Initial Training beyond that provided by Franchisor as part of Initial Training.

6.4. Ongoing Training. Franchisor shall periodically provide ongoing training to Franchisee, and/or Franchisee’s Managing Owner, Manager or Employee, via Internet and telephone, CDs, DVDs, or other training mediums, or at a location Franchisor designates, and as Franchisor reasonably requires during the Term (“Ongoing Training”). Other than these basic training updates additional training will be at Franchisee’s cost. Franchisee must pay Franchisor in advance fees for the additional training as set forth in the Manual. Franchisee must also pay the cost of its, and its employees’ or agents’ benefits, salary, insurance, and all associated travel expenses incurred for or during additional or Ongoing Training.

6.5. Assistance. Franchisor shall provide to Franchisee any assistance and advice about conducting the AMH Enterprises Franchise which Franchisor believes is reasonably necessary, in its sole discretion, during the Term including, but not limited to advice regarding:

- (i) methods and procedures for providing Services (as defined in the Manual and herein collectively referred to as “Services”);
- (ii) anything covered in the Manual;
- (iii) new developments in Services; and
- (iv) basic QuickBooks training for accounting and bookkeeping and other general procedures for the proper operation of the AMH Enterprises Franchise.

6.6. Inspections. Franchisor reserves the right to conduct inspections of Franchisee’s Equipment and Operation of the AMH Enterprises Franchise or books and records (“Books”). Franchisor may nominate itself, an authorized representative or an auditor to conduct these inspections. Franchisor will give notice of the results of the inspection to Franchisee. Franchisee must cure any problems found within seven (7) days after Notice of the same.

6.7. Audit. Franchisor retains the right to conduct an audit at any time Franchisor believes that the circumstances warrant it. AMH Enterprises and its agents may enter the Franchisee’s Premises to examine or audit Franchisee’s records, sales reports, financial statements, banking statements, and tax returns, at any reasonable time without notice. AMH Enterprises will pay for the examinations or audits, unless Franchisee fails to report or keep records as required or understates Gross Revenue by 2% or more on any report. If Franchisee understates Gross Revenues by 2% or more, or fails to give AMH Enterprises reports or keep records required under this Agreement, then Franchisee shall reimburse AMH Enterprises for the audit costs, including charges, travel expenses, and compensation of AMH Enterprises’ employees and independent accountants. Franchisee shall immediately pay all Royalty Fees, late charges, interest, and any other sums that an examination or audit determines are owed. These obligations are in addition to and not instead of any other rights and remedies of AMH Enterprises. AMH Enterprises’ right to audit or examine Franchisee’s books and records will continue for two years after termination of this Agreement. If after the audit, Franchisor is reasonably of the

opinion that the AMH Enterprises Franchise is not being satisfactorily conducted, Franchisor shall give Franchisee a reasonable time to comply with Franchisor's requests. Any costs incurred by Franchisee in complying with any requests shall be borne by Franchisee.

6.8. Surveys.

6.8.1. Client Surveys. Franchisor may from time to time conduct a survey of any of Franchisee's Clients and may appoint a person to observe Franchisee while servicing Clients, either with or without the knowledge of Franchisee.

6.8.2. Franchisee Surveys. Franchisor may from time to time send a survey to Franchisee, which Franchisee shall complete within a reasonable time frame and return to Franchisor.

6.9. Insurance on Equipment. Franchisee shall insure the Equipment for at least its full replacement value, including replacement of any software.

6.10. Territory. Franchisor does not grant Franchisee any exclusive territory to operate an AMH Enterprises Franchise. Franchisee is not limited to a site, sales or service in a territory. Franchisee's rights shall be nonexclusive. Franchisee, Franchisor, or other franchisees may provide service to any Client that are in or near the location of the Franchisee, other franchisees or the Franchisor may assist with service if appropriate and available under the circumstances.

6.11. Reservation of Franchisor Rights. We and our affiliates reserve the right to: (1) establish competing businesses, including franchises, licenses or businesses owned by us or our affiliates, on any terms and at any locations We deem appropriate; (2) operate business as providing competing services through the same or alternative channels of distribution including, without limitation, the Internet or similar electronic media; and (3) establish businesses which are franchised, licensed or owned by us or our affiliates at any locations We deem appropriate or provide AMH Enterprises services through the same or alternative channels of distribution under the Marks or trade names, trademarks, service marks, trade dress or other commercial symbols other than the Marks.

6.12. Assignment by Franchisor.

6.12.1. To a Regional Developer or Subfranchisor. Franchisor may assign all or part of this Agreement and all or part of Franchisor's rights, duties and obligations hereunder to Franchisor's designated Area Developer for Franchisee's Territory or Subfranchisor.

6.12.2. To a Third Party. Franchisor may assign all or part of this Agreement and all or part of Franchisor's rights, duties and obligations hereunder to any other person, group or entity that Franchisor chooses in its sole discretion.

## **Section 7 Covenants and Agreements of Franchisee.**

7.1. Premises. Franchisee will generally not need separate business premises to operate the AMH Enterprises Franchise. The AMH Enterprises Franchise is a home based business where business is usually conducted by telephone or Internet and therefore Franchisee is encouraged to conduct the AMH Enterprises Franchise from Franchisee's residence. If Franchisee considers its AMH Enterprises Franchise has grown to the extent that "commercial" premises are needed, then Franchisee may request Franchisor's approval to Franchisee conducting its AMH Enterprises Franchise from a fixed "commercial" site (the "Premises"). Such approval for the Premises shall not be unreasonably withheld. In the event Franchisee is unable for any reason to conduct the AMH Enterprises Franchise from the Premises, then Franchisee shall, conduct the AMH Enterprises Franchise from Franchisee's residence.

7.2. Development of AMH Enterprises Franchise. Franchisee shall consult with Franchisor regarding the establishment and operation of the AMH Enterprises Franchise. Franchisee must comply with all laws, rules, regulations and requirements of governmental authorities having jurisdiction over the AMH Enterprises Franchise. Franchisee shall not allow liens to be recorded or perfected or otherwise to attach to all or any portion of the AMH Enterprises Franchise as a result of work done by or for Franchisee.

7.3. Commencing the AMH Enterprises Franchise. Franchisee will use best efforts and shall begin operating the AMH Enterprises Franchise as soon as practicable after the execution of this Agreement, payment of all payments required hereunder to be paid prior to commencing the franchised business, completing Initial Training to the satisfaction of Franchisor, and after receiving the Confidential Information necessary to operate an AMH Enterprises Franchise, but no later than three (3) months from the Effective Date, absent written consent by Franchisor.

7.4. Training. Franchisee shall complete Initial Training, periodically attend Ongoing Training, Bi-Annual Networking and Training Meetings, and attend and participate in and complete to Franchisor's satisfaction any other training Franchisor may require during the Term.

7.5. Minimum Performance. Franchisee acknowledges that the AMH Enterprises Franchise can be operated 24 hours per day, 7 days a week, optimally 15-25 hours per week. Franchisee shall apply him or herself to the operation of its AMH Enterprises Franchise in accordance with good business practices and the terms of the Manual.

7.6. Equipment. Franchisee acknowledges the use of the equipment listed in the Manual, including but not limited to, telephones, computers, software, printers, tools, training materials and any other items necessary to conduct the AMH Enterprises Franchise efficiently, is fundamental to the AMH System. Franchisee must use the computer software specified by Franchisor. Franchisee shall only use Equipment approved by Franchisor for the operation of the AMH Enterprises Franchise. Franchisee must upgrade its computer and hardware and software as required by Franchisor not to exceed an expenditure by Franchisee of \$2,500 every two years following the effective date. Franchisee must immediately notify Franchisor if any damage whatsoever is caused to any Equipment or if any Equipment is lost or stolen.

7.6.1. Maintenance of Equipment. Franchisee must at all times maintain all the Equipment in good, working order and in safe, efficient, clean and presentable condition. Franchisee must insure the Equipment, and if any damage is caused to a piece of Equipment through any means whatsoever, except fair wear and tear, then Franchisee will be responsible for the cost of repairing or replacing the Equipment.

7.6.2. Replacement of Equipment. If the computer hardware or software needs to be replaced because it is faulty or due to normal wear and tear, Franchisee is solely responsible for the cost of replacement.

7.7. Promotion and Protection of Goodwill. Franchisee shall, in order to maintain the high quality and uniform standards associated with an AMH Enterprises Franchise and Franchisor's Marks, promote and protect the goodwill associated therewith. Franchisee shall promote and use its best efforts to increase the Gross Revenue of its AMH Enterprises Franchise.

7.8. Provide Adequate Resources. Franchisee shall provide adequate resources to support the sales and marketing of the Services.

7.9. Orderly Conduct. Franchisee shall conduct the AMH Enterprises Franchise in an orderly and business-like manner and comply with the policies and standards in the Manuals and as reasonably specified by Franchisor from time to time.

## Attachment B – Franchise Agreement

7.10. Not Endanger Name. Franchisee shall not cause or permit anything to be done, which could damage or endanger Franchisor's reputation, the Confidential Information or Franchisor's title to the Confidential Information or to assist or permit other persons to do so.

7.11. Notice that Business Operates Under the Franchise. Franchisee shall not use the AMH Enterprises name as its business name and shall give notice to the persons and in the places Franchisor reasonably requires that the AMH Enterprises Franchise is operated under a grant of franchise from Franchisor, and give any other information Franchisor requires to inform third parties that Franchisee is an independent contractor and Franchisor does not accept liability for any acts, omissions, or defaults of Franchisee.

7.12. Representations. Franchisee shall not make any representations, statements or warranties about the AMH Enterprises Franchise or any of the Services, which could be misleading or deceptive. Franchisee shall not advertise, sell, dispose of or provide any Services in a manner, which is misleading or deceptive, or likely to mislead or deceive, as to the nature, quality, grade or other characteristics of the Services.

7.13. Good Character. Franchisee shall not engage in unethical conduct or acts of moral turpitude and adhere to strict standards of honesty, integrity, fair dealing and ethical conduct during the Term.

7.14. Marks. Franchisee shall use the AMH Enterprises name or Marks only in strict compliance with the Manual.

7.15. Clients. All customers who utilize, request, and pay for the AMH Enterprises Franchise's services are Clients. The franchisee acknowledges that high-quality Client service is essential to maintaining goodwill in the AMH Enterprises Franchise. Services shall include all services provided by an AMH Enterprises Franchise to Clients.

7.15.1. Franchisee shall provide the Services to the Clients in an efficient and courteous manner.

7.15.2. Franchisee shall answer all Client inquiries immediately.

7.15.3. Franchisee shall impress upon its staff the importance of providing high quality Client service. Franchisee shall maintain systems and procedures in its AMH Enterprises Franchise to monitor the service given by employees to Clients.

7.15.4. Franchisee shall collect payment from the Client as expeditiously as possible after Franchisee performs the Services. Franchisee shall deposit the funds received to Franchisee's account. If Franchisee does not collect payment promptly, then Franchisor may, at its option, collect the money, and shall not incur any liability to Franchisee by so doing.

7.15.5. Franchisee shall notify Franchisor concerning Client complaints as soon as practicable by telephone or in writing. Franchisee and Franchisor shall discuss the action to be taken to remedy the complaint, and Franchisee shall follow through with the remedy within the reasonable time limit set by Franchisor in order to protect the goodwill of the AMH Enterprises Franchise. If the Client is still not satisfied, Franchisor may take any action it considers necessary in its sole discretion to remedy the complaint. Franchisee shall pay the reasonable costs incurred by Franchisor or any other person under this Agreement in resolving such Client's complaint.

7.15.6. Franchisee shall not commit or be a party to any breach of any law relating to consumer protection or credit laws.

7.16. Franchisor's Marks.

7.16.1. Franchisee acknowledges that Franchisor is the owner of Franchisor's Marks, but that Franchisee has no right, title or interest in Franchisor's Marks beyond any nonexclusive License granted herein, and that, as between Franchisor and Franchisee, Franchisor has the exclusive right and interest in and to Franchisor's Marks and all of the goodwill associated with and symbolized by them.

7.16.2. Franchisee may only use AMH Enterprises name or Marks only in strict compliance with the Manual. Franchisee shall use no materials on which any of Franchisor's Marks appear without Franchisor's prior written approval, which may be revoked at any time upon reasonable Notice to Franchisee. Franchisee may not use "AMH Enterprises," or any of Franchisor's other marks, or any similar name as a domain name or on any website of the Internet/World Wide Web or any other electronic communication network unless expressly authorized by Franchisor.

7.16.3. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of Franchisor's Marks, and Franchisor shall have the right (but not the obligation) to take any action it deems appropriate.

7.16.4. If Franchisor decides at any time, at its sole discretion, that Franchisee should modify or discontinue using any of Franchisor's Marks, Franchisee shall do so, and Franchisor shall have no obligation to reimburse Franchisee for any costs incurred by Franchisee in complying with this obligation.

7.16.5. Franchisee shall not contest, directly or indirectly, the Licensor's ownership, title, right or interest in or to, or Franchisor's license to use, or the validity of, Franchisor's Marks, or contest the Licensor's or Franchisor's sole right to register, use or license others to use Franchisor's Marks or any other mark or name which incorporates the words "AMH Enterprises" or any similar words.

7.16.6. Franchisee shall comply with Franchisor's instructions in filing and maintaining trade name or fictitious name registrations, and shall execute all assignments and documents required by Franchisor, its successors and assigns, to obtain protection for Franchisor's Marks or to maintain their continued validity and enforceability.

7.16.7. All provisions of this Agreement applicable to Franchisor's Marks shall apply to any other trade names, trademarks, service marks or other commercial symbols licensed to Franchisee by Franchisor.

7.16.8. Upon the expiration or termination of this Agreement for any reason, any and all rights of Franchisee to use or associate with Franchisor's Marks shall automatically revert to Franchisor without the execution or delivery of any documents. Upon Franchisor's request, Franchisee shall execute all documents required by Franchisor to confirm such a reversion.

7.16.9. This Section shall survive the expiration or any earlier termination of this Agreement.

7.17. Copyrights.

7.17.1. Franchisee acknowledges that Franchisor is the owner of Franchisor's copyrights, that Franchisee has no right, title or interest in Franchisor's copyrights beyond the nonexclusive License granted herein, and that, as between Franchisor and Franchisee, Franchisor has the exclusive right and interest in and to Franchisor's copyrights.

7.17.2. All of Franchisor's copyrights shall include, but not be limited to, any and all copyrightable material that is valuable to Franchisor, such as the Manual, Business Plan, Disclosure Document, Franchise Agreement, Brochures and Flyers, Books, Compact Discs, Videos, Audio Tapes, Software, web pages, Competition Forms, Vouchers & Survey Cards, flip charts are all copyrighted

7.17.3. As between Franchisor and Franchisee, any and all present or future copyrights belong solely and exclusively to Franchisor. Franchisor shall have, and Franchisee hereby irrevocably assigns and

quitclaims to Franchisor, the exclusive right, in Franchisor's sole discretion, to bring an action for infringement of copyrights in any copyrightable property of Franchisor or the Licensor. Franchisor shall have the sole and exclusive right to prosecute, settle or compromise any and all actions for infringement of any and all copyrights, and Franchisor shall be entitled to retain any and all proceeds, damages and other sums, including attorneys' fees, recovered by or owed to Franchisor or its affiliates by reason of or in connection with any such infringement or action for infringement. Franchisee shall promptly notify Franchisor in writing of any suspected infringement of Franchisor's copyrights and shall cooperate with Franchisor and its affiliates in the prosecution of any infringement claim. Registration and other protection of copyrights, if any, shall be in the sole and absolute discretion of Franchisor.

7.17.4. Franchisee shall execute, and deliver to Franchisor, its successors and assigns, any and all assignments, documents and instruments as Franchisor may reasonably request from time to time for the purposes of establishing, registering, evidencing, enforcing or defending the complete, exclusive, perpetual and worldwide ownership of all rights, titles and interest in the Licensor's copyrights, or Franchisor's rights as a licensee thereof. Franchisee hereby constitutes and appoints Franchisor as Franchisee's agent and attorney-in-fact, with full power of substitution, to execute and deliver any and all assignments, documents and instruments that Franchisee fails or refuses to execute and deliver, this power of agency being coupled with an interest and being irrevocable.

7.17.5. If Franchisor decides at any time, in its sole discretion, that Franchisee should modify or discontinue using any of Franchisor's or the Licensor's copyrights, Franchisee shall do so, and Franchisor shall have no obligation to reimburse Franchisee for any costs incurred by Franchisee in complying with this obligation.

7.17.6. Franchisee shall not contest, directly or indirectly, Franchisor's or the Licensor's ownership, title, right or interest in or to the Licensor's copyrights or Franchisor's license to use the same, or contest Franchisor's or the Licensor's right to register, use or license to others the use of Franchisor's, Licensor's or any affiliate's copyrights.

7.17.7. This Section shall survive the expiration or any earlier termination of this Agreement.

7.18. Other Confidential Information.

7.18.1. "Intellectual Property," including "Confidential Information," means all written and visual material produced by AMH Enterprises and used in connection with the AMH System, the Confidential Information, all copyrights owned by or licensed to AMH Enterprises in connection with the AMH System, the AMH System and the Marks, including, but not limited to, any and all technical and non-technical information that is valuable to Franchisor, such as manuals, subscription programs, audio/visual programs, coaching programs, tele-seminars, tele-coaching, flip charts, audio/video products, books, training routines, training processes, course materials, literature, pamphlets, processes, procedures, patents, trademarks, products, copyrights, trade secrets, techniques, sketches, drawings, models, inventions, know-how and equipment related to current and contemplated products and services, inventions, manufacturing, purchasing, accounting, engineering, marketing, merchandising and sales, to the extent necessary and as may be reasonably required during the relationship.

7.18.2. As between Franchisor and Franchisee, any and all present or future Confidential Information belong solely and exclusively to Franchisor and will be considered Confidential Information.

7.18.3. Franchisee acknowledges that it has no right, title or interest of any kind or nature in the Confidential Information beyond the nonexclusive License granted herein, and that, as between Franchisor and Franchisee, Franchisor has the exclusive, and reserves all right, title, and interest in and to, Confidential Information and the goodwill associated with and symbolized by them.

7.18.4. Franchisee will use the Confidential Information only in compliance with written rules prescribed from time to time by Franchisor or the Licensor. Franchisee shall not use any of the Confidential Information outside of the AMH Enterprises Franchise, or use any of the Confidential Information in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by Franchisor.

7.18.5. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of the Confidential Information and Franchisor shall have the right (but not the obligation) to take any action it deems appropriate.

7.18.6. If Franchisor decides at any time, at its sole discretion, that Franchisee should modify or discontinue using any of Franchisor's Marks, Franchisee shall do so, and Franchisor shall have no obligation but to reimburse Franchisee for any costs incurred by Franchisee in complying with this obligation.

7.18.7. Franchisee shall not contest, directly or indirectly, Franchisor's ownership, title, right or interest in or to, or the validity of, the Confidential Information, or contest Franchisor's sole right to register, use or license others to use the Confidential Information.

7.18.8. Franchisee shall use the Confidential Information only for the operation of an AMH Enterprises Franchise hereunder and only within Franchisee's Territory.

7.18.9. Franchisee shall comply with Franchisor's instructions in filing, protecting maintaining and registering the Confidential Information, and shall execute and deliver to Franchisor, its successors, and assigns, any assignments, documents and instruments as Franchisor may require from time to time for the purposes of establishing, registering, evidencing, enforcing, protecting or defending Franchisor's complete, exclusive, perpetual and worldwide ownership of all rights, title or interests in the Confidential Information.

7.18.10. Upon the expiration or termination of this Agreement for any reasons, all rights of Franchisee to use the Confidential Information shall automatically revert to Franchisor without the execution or delivery of any documents. Upon Franchisor's request, Franchisee shall execute all documents required by Franchisor to confirm such a reversion.

7.18.11. Any and all improvements to the Confidential Information, including but not limited to the AMH Enterprises System, shall automatically become the property of Franchisor, without the execution or delivery of any documents, payment or compensation to Franchisee. Upon Franchisor's request, Franchisee shall execute all documents required by Franchisor to evidence ownership of such improvements by and to transfer ownership thereof to Franchisor.

7.18.12. Franchisor shall own any and all Client lists developed in connection with the operation of the AMH Enterprises Franchise.

7.18.13. This Section shall survive the expiration or any earlier termination of the Agreement.

7.19. Compliance with Laws. Franchisee shall obtain and thereafter maintain in good standing any and all licenses, permits and consents necessary for Franchisee to lawfully operate the AMH Enterprises Franchise. Franchisee shall operate the AMH Enterprises Franchise in compliance with all applicable federal, state and local laws, regulations and ordinances. Franchisee acknowledges that Franchisee is responsible for keeping him or herself informed of the requirements of all laws applicable to the operation of the AMH Enterprises Franchise.

7.20. Notice of Proceedings. Franchisee shall notify Franchisor in writing within five (5) days after it knows of the commencement of any action, suit or proceeding and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other government

instrumentality which may adversely affect the operation or financial condition of the business, including without limitation any criminal actions or proceedings brought by Franchisee against an employee, Client, or other person, but excluding civil proceedings against Clients to collect monies owned.

7.21. Taxes. Franchisee shall pay, when due, all taxes, assessments and governmental charges upon or against Franchisee or Franchisee's real or personal properties, income and revenues provided that no such taxes, assessments and governmental charges need be paid so long as the validity, applicability or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained therefore. Franchisee shall, within ten (10) days after the end of each calendar month, deliver to Franchisor a statement of Gross Revenue for such month and all preceding months of such calendar year, a monthly profit and loss statement for such month, and a profit and loss statement from the beginning of Franchisee's latest financial year, in a format designated by Franchisor.

7.22. Compliance with the Manual. Franchisee shall comply with and abide by each rule, specification, standard, procedure and requirement contained in the Manual, as they may be amended, modified or supplemented from time to time, and such other written or electronically transmitted rule, specification, standard, procedure and requirement that may be issued by Franchisor from time to time. Franchisee acknowledges that Franchisor may amend, modify or supplement the Manual at any time, so long as such amendments, modifications or supplements will, in the good faith opinion of Franchisor, benefit Franchisor and Franchisor's existing and future franchisees or shall improve Franchisor's Franchise System. Franchisee shall not, without Franchisor's prior written consent, copy duplicate, record, use or otherwise reproduce in any way the Manual, in whole or in part, or otherwise make the contents of the Manual available to any unauthorized persons, except those provided for in this Section.

7.23. Bookkeeping, Accounting, and Records. Franchisee shall use a bookkeeping, accounting, inventory, point of sale and record-keeping system that is approved by Franchisor and/or as set forth in the Manual (currently QuickBooks Pro Plus Online Software). Franchisee shall, at all times, provide Franchisor with credentials to their QuickBooks Online account with unrestricted access, including for purposes of viewing or downloading data. In connection with the business, Franchisee shall use only the designated software and shall, promptly enter all information therein as instructed by Franchisor in the Manual or otherwise.

7.23.1. Franchisee shall retain all invoices, order forms, time cards, payroll records, check stubs, bank deposit receipts, federal and state income tax returns, sales tax records and returns, cash disbursements journals and general ledgers.

7.23.2. Franchisee shall keep such original documents at the AMH Enterprises Franchise throughout the Term of this Agreement, and for at least three (3) years thereafter, at a location of which Franchisor shall be kept advised, unless Franchisor gives written permission to dispose of such records. All sales, service and other required information shall be recorded at the time of sale, service or contact on Franchisee's customer relationship management system reasonably approved by Franchisor.

7.24. Franchisee's Surveys. Franchisee shall diligently and accurately complete any survey requested by Franchisor and send it back by the listed due date.

7.25. Employees and Management.

7.25.1. Franchisee may appoint an agent, manager (the "Manager" as herein defined under this Section), or Assistant Manager (the "Assistant Manager" as herein defined under this Section). Franchisee will be solely responsible for all acts of the agent, Manager or Assistant Manager. Franchisee indemnifies and agrees to defend and hold harmless Franchisor in relation to any act, default or omission and/or remuneration of the Manager or Assistant Manager.

7.25.2. A Manager shall be any person who has the power to carry out any act on behalf of Franchisee that Franchisee could do in operating the AMH Enterprises Franchise except that the Manager will not be authorized to conduct transactions on Franchisee's bank accounts. Franchisee must sign all documents necessary to appoint the Manager as Franchisee's attorney-in-fact with respect to the AMH Enterprises Franchise.

7.25.3. An Assistant Manager shall be any person who assists the Manager in operating the AMH Enterprises Franchise.

7.25.4. Franchisee shall insure that all persons employed by Franchisee shall not provide Services to Clients unless they satisfactorily complete the Initial Training and commit to complete the Ongoing Training, at Franchisee's expense.

7.25.5. Franchisee shall insure that its officers, employees and agents at all times while conducting the business of the AMH Enterprises Franchise maintain a high standard of presentation and comply with any reasonable directions by Franchisor with respect to Client services.

7.25.6. Franchisee shall insure that those representing Franchisee are of good character, comply with all federal, state and local laws or regulations, and do not engage in unethical conduct or acts of moral turpitude during the Term. Franchisee shall directly supervise itself, the company, the partnership and/or Manager during the Term on a full-time basis, except for short temporary absences and reasonable vacations. If Franchisee or the Manager (as the case may be) is absent for any reason, then the AMH Enterprises Franchise must be directly supervised by a fully trained employee Manager approved by Franchisor.

7.25.7. Franchisee shall obtain from any Manager a signed confidentiality and nondisclosure agreement in a form approved by Franchisor at least one day before the Manager assumes the duties of Manager.

7.26. Financial Information. Franchisee shall provide Franchisor any reports Franchisor may require during the Term including quarterly profit and loss statements and balance sheets for the AMH Enterprises Franchise. Such reports shall be provided within 30 days of the end of the quarter. Franchisee shall, within sixty (60) days after the end of each financial year, deliver to Franchisor an un-audited balance sheet, statement of profit and loss and source and application of funds from the beginning of that financial year, prepared by a certified public accountant and certified as being true and correct by Franchisee. Franchisee shall deliver to Franchisor, immediately after filing, copies of all federal and state tax returns, including all schedules.

7.27. Additional Information. Franchisee shall deliver to Franchisor by electronic mail, or other method designated by Franchisor, a full copy of each contract won by Franchisee within two business days after receiving notification of award, and shall confirm to Franchisor by email, or other method designated by Franchisor, the date and amount of all compensation received upon fulfillment of each contract within one business day following receipt of funds. Franchisee shall deliver to Franchisor any other reports, statements, order forms, records, calculations and the like that Franchisor may, from time to time, require. Franchisee authorizes Franchisor to make reasonable inquiries to gather additional information from Franchisee's suppliers or Clients concerning Franchisee's AMH Enterprises Franchise and directs those persons to provide Franchisor with any information and copies of documents that Franchisor reasonably requests.

7.28. Franchisor Record Access. Franchisee acknowledges that Franchisor will have access to all of its records in electronic form accessible via a computer. Franchisee shall not do anything to restrict or prevent access by Franchisor. Franchisor may copy, retain, and otherwise use all information accessed for any proper purpose but will not disclose it to third parties except in aggregate form so as to protect the identity of individual franchisees unless compelled to do so by lawful process.

7.29. Indemnification.

7.29.1. Franchisee shall indemnify, defend, and hold harmless Franchisor and its affiliates and their officers, directors, employees, agents, attorneys and representatives from any and all claims, demands, suits, proceedings, fines, losses, damages, costs and expenses (including actual attorneys' fees) suffered or incurred, directly or indirectly, by any one or more of them (collectively, "Damages") as a result of breach or other failure by Franchisee to perform Franchisee's obligations hereunder; or other action or inaction by Franchisee or any other person resulting from or in any way related to or connected with the operation of the AMH Enterprises Franchise, provided, however, that Franchisee shall not be liable for Damages resulting from Franchisor's or its affiliates' gross negligence or willful misconduct.

7.29.2. Franchisor, at its sole discretion, shall have the option, to defend any action seeking Damages as a result of any action or inaction by Franchisee or any other persons resulting from or in connection with the operation of the AMH Enterprises Franchise or allow Franchisee to defend such action with counsel approved by Franchisor.

7.29.3. This Section shall survive the termination or expiration of this Agreement.

7.30. Franchisee's covenant not to compete.

7.30.1. During the Term, except as otherwise approved in writing by Franchisor, the Franchisee and, if this Agreement is entered into by an entity, the persons who have executed this Agreement under the caption "Payment and Performance Guarantee," shall not directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or entity:

- (i) Divert or attempt to divert any business or Client of the AMH Enterprises Franchise to any competitor, by direct or indirect inducement or otherwise, or perform, directly or indirectly, any other injurious or prejudicial act to the good will associated with Franchisor's Marks and Franchisor's Franchise System;
- (ii) Directly or indirectly, solicit for employment any person who is at the time or was at any time within the immediate past twelve (12) months employed by Franchisor, or its affiliates, or by any other franchisee of Franchisor; or
- (iii) Own, manage, engage in, have any ownership interest in, participate in or act as an agent for any business that offers products or business consulting services that are the same as or similar to those that may be offered at any AMH Enterprises Franchise.

7.30.2. Except as otherwise approved in writing by Franchisor in advance, Franchisee and, if this Agreement is entered into by an entity, the persons who have executed this Agreement under the caption "Payment and Performance Guarantee," shall not, for a continuous uninterrupted period beginning on the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly engage in or have an ownership interest, participate in or act as an agent for any business that offers related business services that are the same as or similar to those that may be offered at any AMH Enterprises Franchise and located within the United States. Nor shall Franchisee or any persons who have executed this Agreement under the caption "Payment and Performance Guarantee" directly or indirectly, during such two (2) year period, solicit for employment any person who is at that time or within the immediate past twelve (12) months was employed by Franchisor, or its affiliates, or by any other franchisee of Franchisor.

7.30.3. Franchisee acknowledges and agrees that the time, territory and scope of the covenants provided in this Section are reasonable and necessary for the protection of Franchisor's legitimate business interests; that Franchisee has received sufficient and valid consideration in exchange for those covenants; that enforcement of the same would not impose an undue hardship; and that the period of protection provided by these covenants shall not be reduced by any period of time during which

Franchisee is in violation of the provisions of those covenants or any period of time required for enforcement of those covenants.

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

7.30.5. Franchisee acknowledges that any breach or threatened breach of this Section will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee consents to the issuance of an injunction prohibiting any conduct violating the terms of this Section. This remedy is not exclusive, and Franchisor may also avail itself of any other legal or equitable rights and remedies it has under this Agreement or otherwise.

7.30.6. In the event that this Section is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any of all thereof, the same shall be enforced to the fullest extent permissible.

7.30.7. Ownership of less than five percent (5%) of the outstanding voting stock of any class of stock in a publicly traded corporation will not, by itself, violate this Section.

7.30.8. This Section shall survive the termination or expiration of this Agreement.

7.31. Assignment to a Regional Developer. Franchisee acknowledges that Franchisor may assign, at Franchisor's sole discretion, some or all of Franchisor's rights and responsibilities under this Agreement to a Regional Developer. Franchisee acknowledges that this will in no way terminate Franchisees' rights and responsibilities under this Agreement and shall cooperate with the Regional Developer in performing all aspects of this Agreement.

7.32. Assignment by Franchisee.

7.32.1. This Agreement and License are personal to Franchisee, and Franchisor has granted the License in reliance on the business skill, financial capacity and personal character of Franchisee. Accordingly, neither Franchisee nor any successor to any part of Franchisee's interest in this Agreement shall sell, assign, transfer, convey, pledge, mortgage or otherwise encumber any interest in this Agreement, the License, the AMH Enterprises Franchise or substantially all the assets of the AMH Enterprises Franchise without Franchisor's prior written consent. Any purported assignment or transfer, without Franchisor's prior written consent, shall be null and void and shall constitute an Event of Default (as herein defined). For purposes of this Section:

The sale or issuance of stock or other ownership interest in an entity constitutes an assignment for purposes of this paragraph.

7.32.2. Franchisor shall not unreasonably withhold its consent to a transfer of interest in this Agreement, the License, the AMH Enterprises Franchise, substantially all the assets of the AMH Enterprises Franchise or Franchisee (if an entity); provided, however, that if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring a controlling interest (as reasonably determined by Franchisor) in this Agreement, the License, or substantially all the assets of the AMH Enterprises Franchise or Franchisee (if a partnership, limited liability company or corporation), Franchisor may require any or all of the following as conditions of its approval:

- (i) That all of Franchisee's accrued monetary obligations to Franchisor be satisfied;
- (ii) That no Event of Default shall have occurred and be continuing;
- (iii) That the transferor (and if the transferor is not an individual, such owners of a beneficial interest in the transferor as Franchisor may request) execute a general release, in a form

prescribed by Franchisor, in favor of Franchisor, its affiliates and the officers, directors, equity holders, agents and employees of Franchisor and its affiliates, in their representative and individual capacities, releasing them from all claims, including without limitation claims arising under federal, state and local laws, rules and regulations;

- (iv) That the transferor (and if the transferor is not an individual, such owners of a beneficial interest in the transferor as Franchisor may request) agree in writing to be bound by the provisions set out in Section 7 as if the transferor was Franchisee and this Agreement had expired or terminated as of the effective date of the transfer;
- (v) That the transferee (and, if the transferee is not an individual, such owners of a beneficial interest in the transferee as Franchisor may request) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge and guarantee all of Franchisor's obligations hereunder;
- (vi) That the transferee (or, if the transferee is not an individual, all owners of any beneficial interest in the transferee) demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, financial, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the AMH Enterprises Franchise; has adequate financial resources and capital to manage the Business; and is not engaged in, and has no affiliation with any person engaged in, a competing business;
- (vii) That the transferee (and, if the transferee is not an individual, such owners of a beneficial interest in the transferee as Franchisor may request) execute, for a term ending on the Expiration Date and with such renewal term as is provided by this Agreement, Franchisor's then-current franchise agreement for new franchisees and such other agreements as Franchisor may require, which agreements shall supersede this Agreement in all respects and the terms of which may differ from the terms of this Agreement; provided, however, that the transferee shall not be required to pay any Initial Franchise Fee;
- (viii) That Franchisee agrees to remain liable for all of the obligations to Franchisor in connection with the AMH Enterprises Franchise arising prior to the effective date of the transfer, and execute any and all instruments reasonably requested by Franchisor to evidence such liability;
- (ix) That at the transferee's expense, the transferee, or, if requested by Franchisee and consented to by Franchisor, the transferee's Manager and assistant managers, complete any training program then in effect for Franchisor's franchisees upon such terms and conditions as Franchisor may reasonably require; and
- (x) That except in the case of a transfer to a corporation or limited liability company formed by Franchisee in which Franchisee owns more than fifty percent (50%) of each class of the outstanding voting equities, Franchisee shall pay to Franchisor a transfer fee equal to not more than twenty-five percent (25%) of Franchisor's then-current Initial Franchise Fee.

7.32.3. Franchisee shall grant no security interest in this Agreement, the License, the AMH Enterprises Franchise or in any of the assets of the AMH Enterprises Franchise without the prior written consent of Franchisor.

7.32.4. If Franchisee proposes to assign this Agreement and the License to a corporation or a general or limited partnership or a limited liability company formed by Franchisee, Franchisor's consent to such transfer shall be, in addition to the requirements set forth in this Section of this Agreement, conditional upon Franchisee complying with the following requirements:

- (i) Franchisee owns, and agrees that Franchisee will continue to own during the Term of this Agreement, more than fifty percent (50%) of each class of the outstanding voting equities of the corporation or the corporate general partner of a limited partnership or the limited liability

company or more than fifty percent (50%) of the partnership interests in a general partnership;  
and

- (ii) Franchisee executes a written agreement personally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor from the date of transfer in the form of Exhibit C.

7.32.5. If Franchisee desires to accept a bona fide offer from a third party to purchase Franchisee's interest in this Agreement, the License, the AMH Enterprises Franchise or substantially all the assets of the AMH Enterprises Franchise, or if any owner or owners of equity interests of Franchisee desire to accept an offer from a third party to purchase all or a portion of such equity interests and such sale(s) would result in the transfer of control of Franchisee (as determined by Franchisor in Franchisor's discretion), or if Franchisee or such owners desire to sell such interests and have found a willing buyer therefore, Franchisee or such equity owners shall notify Franchisor in writing of such offer and shall offer to sell the same interests to Franchisor upon the same terms and conditions, and shall provide such information and documentation relating to such offer as Franchisor requires. Franchisor shall have the option, exercisable within thirty (30) days after the receipt of such offer and other information and documentation, to send written Notice to Franchisee or such owners that Franchisor intends to purchase the offered interests on the same terms and conditions offered by or to the third party, or the cash equivalent thereof, at Franchisor's option. If Franchisor elects to purchase such interests, closing of the purchase and sale shall occur within ninety (90) days after the end of such thirty-day period. If Franchisor does not elect to purchase such interest within such thirty-day period, Franchisee or such owners as described herein may sell or transfer their offered interests to a third party; provided that such sale or transfer is made within ninety (90) days after the end of such thirty-day period, that such sale or transfer is made at a price and on terms not more favorable than those offered to Franchisor, that all applicable requirements of this Section are met, and that the purchaser agrees that after such sale or transfer, the AMH Enterprises Franchise shall continue to be operated under Franchisor's System for the operation of an AMH Enterprises Franchise.

7.32.6. The right of first refusal set forth in this Section shall not be applicable to assignments, transfers or sales of Franchisee's interest in this Agreement, the License, the AMH Enterprises Franchise, or substantially all of the assets of the AMH Enterprises Franchise, or any equity interest in Franchisee, made to a spouse or child of Franchisee or any equity owner of Franchisee, but the requirements of this Section, to the extent applicable, must be complied with.

7.32.7. Franchisee acknowledges that the AMH Enterprises Franchise is of a type where if a Client does not receive delivery of Services in a timely manner, the Client may cease, either temporarily or permanently, to be a Client. It is therefore in the best interest of Franchisee that Franchisee's AMH Enterprises Franchise continues to operate at all times. Upon the death or mental incompetence of Franchisee or an owner having a controlling interest in Franchisee (if an entity), Franchisee's executor, administrator or personal representative shall transfer Franchisee's or such owners' interest within ninety (90) days after such death or mental incompetence to a third party approved by Franchisor. Such transfers, including without limitation transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 7, the personal representative of the deceased Franchisee or such owner shall have ninety (90) additional days to dispose of the deceased's interest, which disposition shall be subject to the terms and conditions herein for transfers. If the interest is not disposed of within the period specified in this Section, Franchisor may terminate this Agreement immediately. During any such period following death or incompetence, the AMH Enterprises Franchise must at all times be under the supervision of a Manager approved by Franchisor.

7.32.8. Franchisor's consent to a transfer of any interest in this Agreement, the License, the AMH Enterprises Franchise, substantially all the assets of the AMH Enterprises Franchise, or an owner's interest in Franchisee shall not constitute a waiver of any claims it may have against the transferring party.

7.33. Nondisclosure. Franchisee shall not disclose, assign or transfer any of the Confidential Information (as defined herein under Section 7.19) or use or attempt to use any of the Confidential Information without the prior written consent of Franchisor except as permitted by this Agreement or as required by law. Franchisee agrees to restrict access to the Confidential Information to the directors, officers or employees of Franchisee to whom it is necessary to give access to perform Franchisee's obligations under this Agreement.

7.34. Owners in Equity. If Franchisee is a corporation, partnership or other entity, the owners of Franchisee, by executing the attached "Payment and Performance Guarantee," shall be bound by the provisions contained in this Agreement, including without limitation the restrictions set forth in Section 7. Further, a violation of any of the provisions of this Agreement, including the covenants contained in Section 7, by any owner shall also constitute a violation by Franchisee of Franchisee's obligations under this Agreement. The individuals executing this Agreement under "Payment and Performance Guarantee" represent that they are the sole owners of the Franchise.

7.35. Timing and Satisfactory Initial Training. If Franchisee believes AMH Enterprises has failed to adequately provide Initial Training and/or pre-opening services to Franchisee in regard to the Initial Training, selection and purchase of equipment and supplies, or any other matter affecting the establishment of the Franchised Business, Franchisee shall notify AMH Enterprises in writing within 30 days following the opening of the Franchised Business. Absent the timely provision of such Notice to AMH Enterprises, Franchisee shall be deemed to conclusively acknowledge that all initial pre-opening and opening training and services required to be provided by AMH Enterprises were sufficient and satisfactory in Franchisee's judgment.

7.36. Standard. AMH Enterprises is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of AMH Enterprises' experience, knowledge and judgment. AMH Enterprises does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing, signed by an authorized office of AMH Enterprises, or AMH Enterprises shall not be obligated to provide any other services or specific level or quality of services.

## **Section 8 Termination.**

8.1. Termination by Franchisor for Failure to Complete Training Successfully. Franchisor may terminate this Agreement by written Notice served on Franchisee within seven (7) days of the date of completion of Initial Training by Franchisee of Franchisor's intent to terminate.

8.1.1. If Franchisor terminates this Agreement under this Section, then all money paid by Franchisee to Franchisor under this Agreement shall be refunded other than the Initial Franchise Fee.

8.1.2. The retention of the Initial Franchise Fee is on account of the costs incurred by Franchisor comprised of, but not limited to, the time involved in considering the suitability of Franchisee, consultants' fees, legal fees for preparing this Agreement, time involved in negotiating with and training Franchisee.

8.2. Events of Default. Any one or more of the following conditions constitutes an "Event of Default" hereunder:

## Attachment B – Franchise Agreement

8.2.1. Franchisee fails to pay when due any fee, expense, charge or other amount due and owing to Franchisor or any of its affiliates (including without limitation any sums advanced by Franchisor pursuant to Section 7) or fails to make sufficient funds available to Franchisor as provided in Section 3, in either case, after five (5) days written Notice thereof, or if Franchisee has previously been given at least two (2) notices of nonpayment for any reason within the last twenty-four (24) months and Franchisee thereafter fails to pay when due any fee, expense, charge or other amount;

8.2.2. Franchisee fails to pay when due any fee, expense, charge, or other amount due and owing to any creditor of Franchisee after ten (10) days' written Notice thereof from Franchisor;

8.2.3. Franchisee submits to Franchisor (a) in any two-year period two (2) or more financial statements or other information or supporting records which understate by more than two percent (2%) Franchisee's Gross Revenues, or (b) any financial statement or other information or supporting record which intentionally understates the Gross Revenues or distorts any other material information;

8.2.4. Any of the representations of Franchisee herein or in any other instrument, document or certificate furnished pursuant to this Agreement or in connection therewith is untrue in any material respect or omits any material fact necessary to make such representation not misleading in light of the circumstances in which such representation was made;

8.2.5. Franchisee voluntarily suspends operation of the AMH Enterprises Franchise without the prior written consent of Franchisor;

8.2.6. Franchisee files a petition for relief from Franchisee's debts, liabilities or obligations, or for appointment of a receiver for Franchisee or for all or a substantial portion of Franchisee's assets, or makes a general assignment for the benefit of Franchisee's creditors; or a petition is filed against Franchisee or a receiver is appointed for Franchisee or for all or a substantial portion of Franchisee's assets, or a judgment is entered against Franchisee, and such petition, appointment or judgment is not stayed or vacated or is otherwise consented to by Franchisee;

8.2.7. Franchisee sells or otherwise disposes of all or any significant portion of the assets of the AMH Enterprises Franchise, other than in the ordinary course of business;

8.2.8. Franchisee becomes bankrupt, insolvent or otherwise unable to pay Franchisee's obligations as they become due;

8.2.9. Franchisee or any equity owner of Franchisee (if Franchisee is not an individual), without Franchisor's prior written approval, has assigned, conveyed, transferred, sublicensed or encumbered all or any portion of Franchisee's rights, benefits, responsibilities, obligations or duties in, to or under this Agreement, the License, the AMH Enterprises Franchise, substantially all of the assets of the AMH Enterprises Franchise, or in Franchisee, except in accordance with the provisions of this Agreement;

8.2.10. Franchisee or any equity owner of Franchisee (if Franchisee is not an individual) is convicted of a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that Franchisor in its absolute discretion believes is likely to have an adverse effect on Franchisor's Franchise System, Franchisor's Marks, the goodwill associated therewith, or Franchisor's interests therein;

8.2.11. Franchisee uses any of Franchisor's Marks or any other identifying characteristic of Franchisor other than in compliance with Section 7 and such misuse is not remedied within ten (10) days after Franchisor notifies Franchisee of such misuse, or Franchisee otherwise impairs the goodwill associated with the AMH System;

8.2.12. Franchisee breaches or fails to comply with any law, regulation or ordinance which results in a threat to the public's health or safety and fails to cure the non-compliance within 24 hours following receipt of Notice thereof from Franchisor or applicable public officials, whichever occurs first;

8.2.13. An Event of Default occurs under any other franchise agreement between Franchisor and Franchisee;

8.2.14. Franchisee breaches or fails to comply with any other covenant, agreement, standard, procedure, practice or rule of Franchisor, whether contained herein, in the Manuals or elsewhere, and fails to cure such breach or failure within thirty (30) days after written Notice thereof or, if such nonperformance cannot reasonably be cured within thirty (30) days, to commence curing and to diligently prosecute such curing until completion; or

8.2.15. Franchisee commits three breaches of any of the provisions of this Agreement within any twenty-four (24) month period (which breaches need not be of the same provision).

8.3. Franchisor's Remedies. If any Event of Default occurs, Franchisor may, at its election and without notice or demand of any kind, declare this Agreement, the License and any and all other rights granted hereunder to be immediately terminated and, except as otherwise provided herein, of no further force or effect. No such termination shall relieve Franchisee of any of any of Franchisee's obligations, debts or liabilities hereunder, including without limitation any debts, obligations or liabilities that have accrued prior to such termination. The right of termination granted herein is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity or otherwise, all of which are cumulative. Franchisor has no obligation, at any time to perform or to comply with any of its obligations to Franchisee, whether pursuant to this Agreement or otherwise, unless:

8.4. Applicable State Law Controlling. If the termination, renewal or other provisions set forth herein are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of Franchisor and Franchisees, the provisions of such statute apply hereto, and this Agreement shall be amended to conform to the minimum standards required by law, but only to the extent of such inconsistency. This Agreement is modified to the extent required to comply with the applicable State Addendum as set forth in Exhibit A.

## **Section 9 Post-Termination Covenants of Franchisee.**

9.1. Payment of Costs and Amounts Due. Franchisee shall pay upon demand all sums owing to Franchisor and its affiliates. If this Agreement is terminated due to an Event of Default, Franchisee shall promptly pay all damages, costs and expenses, including reasonable attorney's fees, incurred by Franchisor as a result of Franchisee's default, which obligations shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, fixtures, equipment and inventory owned by Franchisee and against the AMH Enterprises Franchise Premises, if existing, at the time of the occurrence of the Event of Default. Franchisor is hereby authorized to make any filings and to execute such documents on behalf of Franchisee to perfect the lien created hereby. Franchisee shall be liable to Franchisor for lost future Royalty Fees (discounted to present value based upon the prime rate, as published in the Wall Street Journal or such other financial newspaper designated by Franchisor upon the date of termination, if this Agreement is terminated based upon the occurrence of an Event of "Default." Franchisee shall also pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 9.

9.2. Return of Confidential Items, Franchisor's Property and Confidential Information. Franchisee shall immediately return to Franchisor any and all property of Franchisor, including by not limited to all copies of the Manuals and all other Confidential Information (and all copies thereof).

9.3. Cease Identification with Franchisor. Franchisee shall immediately take all action required:

9.3.1. To cancel all assumed names or equivalent registrations relating to the use of Franchisor's System, Proprietary Confidential Information or Marks by Franchisee, if any;

9.3.2. To notify the telephone company, Internet providers, the postal service and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers, post office boxes, email addresses and all classified or directory listings relating to its former AMH Enterprises Franchise; and

9.3.3. To complete or perfect such documents as are required to authorize the telephone company and Internet service providers to transfer to Franchisor or its designee all such numbers, addresses, post office boxes and classified or directory listings after, the date of termination or expiration of this Agreement. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole rights to and interest in all telephone numbers, post office boxes and directory listings associated with any of Franchisor's Marks. Franchisee hereby authorizes Franchisor, and appoints Franchisor or its designee as Franchisee's attorney-in-fact, to direct the telephone company, the postal service and all listing agencies to transfer such numbers, boxes and listings to Franchisor or its designee, if Franchisee fails to do so (and to execute on Franchisee's behalf any documents necessary to do so), such power and agency being coupled with an interest and being irrevocable. The telephone company, the postal service and each listing agency may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such telephone numbers, post office boxes and its authority to direct their transfer.

9.4. Promote Separate Identity. Franchisee will not, directly or indirectly, in any manner, identify Franchisee, or any individual connected with Franchisee, as a former AMH Enterprises Franchisee or as otherwise having been associated with Franchisor, or use in any manner for any purpose any of Franchisor's Marks.

9.5. Injunctive and Other Relief. Franchisee acknowledges that Franchisee's failure to abide by the provisions of this Section 9 will result in irreparable harm to Franchisor, and that Franchisor's remedy at law for damages will be inadequate. Accordingly, Franchisee agrees that upon any breach by Franchisee of the provisions of this Section 9, Franchisor is entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

9.6. Survival of Covenants. The covenants and agreements contained in this Section 9 shall survive the expiration or termination of this Agreement.

## **Section 10 Dispute Resolution.**

10.1. Mandatory Arbitration. Except as otherwise provided in this Section, the resolution of any controversy, claim or dispute arising out of or relating in any way to the AMH Enterprises Franchise, this Agreement, its formation, performance, enforcement, breach, termination or validity, including, but not limited to, any claim that this Agreement or any of its parts is illegal or otherwise voidable or void, shall be submitted to binding arbitration before and in accordance with the commercial arbitration rules of the American Arbitration Association (AAA). Notwithstanding any provisions of this Agreement relating to which state laws govern this Agreement, all issues relating to arbitration or the enforcement of the agreement to arbitrate here shall be governed by the Federal Arbitration Act (9 U.S.C. § I et seq.) and the federal common law of arbitration. The arbitrator or panel is expressly

authorized to grant injunctive relief, foreclosure of security interests and any other type of special remedy. The arbitration shall be held in King County, Washington.

10.1.1. Each party will select one (1) arbitrator and the two (2) arbitrators so chosen will select a third, and failing selection of an arbitrator by either party or by the two chosen by the parties, the arbitrator(s) shall be selected from a panel of neutral arbitrators provided by AAA and shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrators shall be divided equally between Franchisor and Franchisee. The arbitrators shall have no authority to amend or modify the terms of this Agreement. The prevailing party shall be entitled to an award of actual costs and attorney's fees incurred in any such arbitration.

10.1.2. Judgment upon an arbitration award may be entered in any court of competent jurisdiction or having personal jurisdiction over the non-prevailing parties and shall be binding upon and non-appealable by the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest. Franchisor and Franchisee hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them, each shall be limited to the recovery of only actual damages sustained.

10.2. Expected Disputes. The parties shall not be obligated to arbitrate or mediate any controversy, claim or dispute which involves Franchisee's usage of any of Franchisor's Marks, copyrights, Confidential or Proprietary Information, business concepts, noncompetition covenants after the expiration or termination of this Agreement, any issue involving preliminary or injunctive relief against Franchisee or any issues related to disclosure or misuse of Proprietary Information, all of which issues will be submitted to, and the parties expressly consent to the personal jurisdiction of the court(s) in the State of Washington, and agree that such court(s) will have exclusive jurisdiction over any such issues not subject to arbitration.

## **Section 11 Miscellaneous.**

11.1. Survival of Representations. All statements herein or in any certificate, agreement, instrument or other document delivered by or on behalf of any party pursuant hereto or in connection with the transactions contemplated hereby constitute representations, warranties, stipulations, covenants and agreements made by such party and shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11.2. Entire Agreement. This Agreement, together with the Franchise Disclosure Document Franchisee has received, bearing footer code "DD-23B", supersedes all prior agreements, understandings, negotiations and discussions between the parties and with respect to the matters contained herein and contains the sole and entire agreement, whether oral or written, between the parties and with respect to the transactions contemplated hereby. Nothing in this Agreement or any related agreement shall be deemed to disclaim any representation contained in the Franchise Disclosure Document.

11.3. Notice. All notices, requests, demands, tenders and other communications required or permitted hereunder shall be in writing, and shall be delivered:

11.3.1. Personally, mailed by registered mail (postage prepaid) or overnight courier service to the said parties at their respective addresses set forth on the first page of this Agreement; or

11.3.2. Transmitted by facsimile or other form of electronic communication to the said parties set forth in Exhibit A, with written confirmation being mailed to the other the same day.

11.3.3. The place of Notice may be modified by appropriate Notice to the other party. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or electronic mail,

(b) two (2) days following deposit with the United States Postal Service or its successor, with postage prepaid per paragraph 11.3.1, or (c) immediately upon refusal of delivery by the addressee.

11.4. Waiver. Any term or condition of this Agreement may be waived at any time by the party hereto which is entitled to the benefit thereof, but such waiver is effective only if evidenced by a written document signed by such party. A waiver on one occasion shall not be a waiver of the same or any other breach on any other occasion. No course of dealing or performance by any party, in whole or in part, in exercising any right, power, benefit or remedy, shall constitute a waiver of such right, power, benefit or remedy. Franchisor shall have the right to waive or otherwise fail or elect not to enforce provisions comparable to those contained herein in other agreements between Franchisor and one or more other franchisees, and such waivers or failures to enforce shall in no way limit or prevent the exercise of any rights hereunder. Franchisor shall have no obligation to deal with similarly situated franchisees in the same manner.

11.5. Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by all of the parties hereto.

11.6. Cumulative Remedies. No remedies conferred upon Franchisor are intended to be exclusive of any other remedy, and each and every such remedy shall be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

11.7. Independent Contractor Relationship. Franchisee is and will at all times remain an independent contractor and is not and shall not represent himself/herself to be the agent, venturer, partner or employee of Franchisor, or to be related to Franchisor other than as its independent franchisee. No representations will be made or acts taken by Franchisee which could establish any apparent relationship of agency, joint venture, partnership or employment, and Franchisor shall not be bound in any manner whatsoever by any agreements, warranties or representations made by Franchisee to any other person, nor with respect to any other action of Franchisee. Franchisee shall not establish any bank account, make any purchase, apply for a loan or credit, or incur or permit any obligation to be incurred in the name or on the credit of Franchisor without Franchisor's express permission in writing.

11.8. Costs of Enforcement. Unless otherwise provided here, in any action to enforce the rights of either party hereunder, the prevailing party, as determined by mediator, arbitrator, court or other tribunal before which such action is brought, shall be entitled to recover the costs and expenses of such party, plus reasonable attorneys' fees, incurred in investigating, prosecuting or defending such action.

11.9. Performance of Franchisee's Obligations by Franchisor. Franchisor shall have the right, but not the obligation, to undertake or perform on behalf of Franchisee any obligation or duty that Franchisee is required to, but fails to, perform under this Agreement. Franchisee shall reimburse Franchisor upon demand for all costs and expenses reasonably incurred by Franchisor in performing any such obligation or duty, and Franchisee shall pay to Franchisor interest on the amount of such costs and expenses at the rate of eighteen percent (18%) per annum or the maximum rate allowed by law, whichever is less.

11.10. Singulars, Plurals, and Pronouns. Where the context so requires, the singular shall include the plural, and vice versa. If any pronouns are used herein, it is understood that such usage shall include singular and plural, masculine, feminine, and neuter, and refer in appropriate cases to corporations or other entities as well as to individuals.

11.11. Execution in Counterparts. This Agreement may be executed in two or more counterparts and/or by facsimile, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

11.12. Headings. The headings in this Agreement are for the convenience of reference and are not a part of this Agreement, and shall not affect the meaning or construction of any of its provisions.

Attachment B – Franchise Agreement

11.13. Inconsistent Terms and Additional Terms. To the extent that the provisions of this Agreement are in direct conflict with the provisions of any exhibit hereto, the provisions of such exhibit shall control. The parties acknowledge that additional terms and conditions may be made part of this Agreement by attaching an exhibit containing such additional terms and conditions, or by including such terms and conditions on Exhibit A. Such terms and conditions are hereby incorporated into this Agreement by this reference without further action by the parties.

11.14. Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

11.15. Severability. If any provision of this Agreement or any instrument or other document delivered pursuant hereto or in connection herewith is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained therein.

11.16. Waivers; Disclaimers. 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.

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Attachment B – Franchise Agreement

11.17. Governing Laws and Choice of Forum. This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the common laws of the State of Washington, without regard to its conflicts of law rules, except for the provisions of Section 7.2 and 7.20, which shall be governed by the laws of the state where the AMH Enterprises Franchise is located. Nothing herein, however, shall extend the scope of application of Washington franchise, business opportunity, or related statutes, to franchisees located outside of Washington. Any litigation relating to matters not required to be mediated and/or arbitrated by Section 10 shall be brought by Franchisor or any of its affiliates or Franchisee or any of its affiliates in King County in the State of Washington or in the United States District Court for the Western District of Washington. Franchisor and Franchisee hereby consent to the jurisdiction of such courts and waive any defense that such a court lacks venue or jurisdiction with respect to such a proceeding.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement as of the Effective Date.

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

Franchisor

AMH Enterprises, Inc.

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

Franchisee

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

\_\_\_\_\_, its \_\_\_\_\_

[print] \_\_\_\_\_

[print] \_\_\_\_\_

## **Exhibits**

### **A – State Addenda**

#### **California Addendum**

(Applies only to California franchisees)

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

Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the commissioner, before we ask you to consider a material modification of your franchise agreement. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular at least 14 days prior to execution of any agreement or payment of any consideration.

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

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)

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

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

Under California law, the highest interest rate allowed for late payments is ten percent (10%) annually.

You must resolve disputes through binding arbitration. The arbitration will occur at King County, Washington, USA, with the costs of arbitration being borne equally by the parties. Each party will bear its own expenses, including attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State

#### **AMH Enterprises Franchise Agreement**

Exhibit A – State Addenda

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Attachment B – Franchise Agreement

of California, We will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

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 have executed this Agreement on the day and year indicated below.

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

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

Franchisor

Franchisee

AMH Enterprises, Inc.

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

\_\_\_\_\_, its \_\_\_\_\_

[print] \_\_\_\_\_

[print] \_\_\_\_\_

**Illinois Addendum**

(Applies only to Illinois franchisees)

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Payment of the Initial Franchise Fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Date Signed: \_\_\_\_\_  
Franchisor

Date Signed: \_\_\_\_\_  
Franchisee

AMH Enterprises, Inc.

By: \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

\_\_\_\_\_  
[print] \_\_\_\_\_

\_\_\_\_\_  
[print] \_\_\_\_\_

## Minnesota Addendum

(Applies only to Minnesota franchisees)

- a. NSF fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on service charges.
- b. Minnesota Stat. § 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from: (i) requiring litigation to be conducted outside Minnesota; (ii) requiring waiver of a jury trial; and (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of the franchisee's rights as provided for in Minnesota Franchise Act or (ii) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- c. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a release that would relieve any person from liability imposed by Minnesota Statutes, Chapter 80C. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.
- d. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
- e. 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.
- f. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.
- g. The parties agree that for any claims arising under the Minnesota Franchise Act, Minn. Stat. § 80C.01-22, the parties will apply the statute of limitations contained in Section 80C.17, subd. 5
- h. We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat. §80C.12, Subd. 1(g).
- i. To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law.
- j. Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. Items 5 and 7 of the Franchise Disclosure Document and the franchise agreement are amended accordingly.
- k. This state law addendum, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.

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

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

Franchisor

**AMH Enterprises, Inc.**

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

Franchisee

**AMH Enterprises Franchise Agreement**

Exhibit A – State Addenda

DD-24A

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Attachment B – Franchise Agreement

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

\_\_\_\_\_, its \_\_\_\_\_

[print] \_\_\_\_\_

[print] \_\_\_\_\_

### **Washington Addendum**

(Applies only to Washington franchisees)

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectible to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Pursuant to Paragraph 3.1 of the Franchise Agreement, upon Franchisee's business opening and Franchisor completing all of its material pre-opening obligations to Franchisee, Franchisee shall pay

Attachment B – Franchise Agreement

Franchisor the Initial Franchise Fee, Thirty-Five Thousand Dollars (\$35,000), for the License (“Initial Franchise Fee”).

This state law addendum is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.

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

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

Franchisor

AMH Enterprises, Inc.

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

Franchisee

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

\_\_\_\_\_, its \_\_\_\_\_

\_\_\_\_\_

[print] \_\_\_\_\_

\_\_\_\_\_

[print] \_\_\_\_\_

**B – Franchise Location**

Franchisor	AMH Enterprises, Inc. 16478 Robina Lane NW Seabeck, WA 98380 360-830-9288
Franchisee and location	_____ [address]_____ _____ [telephone]_____ [fax]_____ [email]_____
Franchisee Responsible Person (if applicable)	_____ [address]_____ _____ [telephone]_____ [fax]_____ [email]_____

Exhibit

## **C – Personal Guarantee**

In order to induce AMH Enterprises, Inc. (“Franchisor”) to enter into a certain Franchise Agreement (the “Franchise Agreement”) by and between Franchisor and Franchisee named in the Franchise Agreement to which this Payment and Performance Guarantee (the “Guarantee”) is attached, the undersigned (collectively referred to as the “Guarantors” and individually referred to as a “Guarantor”) hereby covenant and agree as follows:

1. **Guarantee of Payment and Performance.** The Guarantors, jointly and severally, unconditionally guarantee to Franchisor and its affiliates, the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal or modification thereof in whole or in part (the “Guaranteed Liabilities”), and agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.
2. **Waivers by Guarantors.** The Guarantors waive presentment, demand, notice of dishonor, protest and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes or controversies between Franchisor and Franchisee and of the settlement, compromise or adjustment thereof. This Guarantee is primary and not secondary, and shall be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors, or against any other security for the Guaranteed Liabilities. This Guarantee shall be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger or consolidation of Franchisee, or any change in the ownership of Franchisee.
3. **Term: No Waiver.** This Guarantee shall be irrevocable, absolute and unconditional and shall remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full, or (ii) the Franchise Agreement and all obligations of Franchisee there under expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy shall preclude other further exercise of such right or any other right or remedy.
4. **Other Covenants.** Each of the Guarantors agrees to comply with the provisions of Section 7.17, 7.18, 7.19, 7.27, 7.28, 7.29 and 7.37, of the Franchise Agreement as though he or she were the “Franchisee” named therein and agrees that he or she shall take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and shall not take any action that would cause Franchisee to be in breach of the Franchise Agreement.
5. **Dispute Resolution.** Section 10 of the Franchise Agreement is hereby incorporated herein by reference and shall be applicable to any and all disputes between Franchisor and any of the Guarantors, as though the Guarantor were the “Franchisee” referred to therein. With respect to the appointment of any mediators or arbitrators pursuant to such provisions, it is

**AMH Enterprises Franchise Agreement**

Exhibit C – Personal Guarantee

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Attachment B – Franchise Agreement

understood and agreed that the mediator or arbitrator selected by Franchisee, if Franchisee is also a party to such proceeding, shall be the mediator or arbitrator selected by each of the Guarantors, and each of the Guarantors hereby consents to such appointment. This consent, being coupled with an interest, shall survive the death, dissolution or any other incapacity of each of the Guarantors.

6. Governing Laws; Choice of Forum. This Agreement has been executed and delivered in, and shall be governed by, construed and enforced in accordance with the laws of the State of Washington, without regard to its conflicts of law rules, except for specific provisions of Section 7, which shall be governed by the laws of the state where the AMH Enterprises Franchise is located. Any litigation relating to matters not required to be mediated and/or arbitrated by Section 10 shall be brought by Franchisor or any of its affiliates or Franchisee or any or its affiliates in King County in the State of Washington. Franchisor and Franchisee hereby consent to the jurisdiction of such courts and waive any defense that such a court lacks venue with respect to such a proceeding.

7. Miscellaneous. This Agreement shall be binding upon the Guarantors and their respective heirs, executors, successors and assigns, and shall inure to the benefit of Franchisor and its successors and assigns.

**IN WITNESS WHEREOF**, the undersigned Guarantors have caused this Guarantee to be duly executed as of the date(s) indicated below.

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

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

[print name] \_\_\_\_\_

[print name] \_\_\_\_\_

Guarantor

Guarantor

## Attachment C – List of Outlets

Information as of December 31, 2023.

<i>AMH Enterprises Outlets:</i>						
<i>Company</i>	<i>Address</i>	<i>City</i>	<i>St</i>	<i>Zip</i>	<i>Phone</i>	<i>Owner</i>
JAXON PREMIER VENTURES, INC	3741 James Hill Ter	Hoover	AL	35226	205-261-9061	Karen Jackson
REAL TIME PROCUREMENT	12620 Blue Spruce Lane	Colorado Springs	CO	80908	719-598-6634	Steve Boone
DIGITAL COMMUNICATIONS INC.	1114 S Balsam Ct	Lakewood	CO	80232	720-903-6085	Doug Infiesto
STIRLING SOLUTIONS	73 Taunton Ave	Seekonk	MA	02771	401-339-1968	Shani Wallace
STIRLING SOLUTIONS	73 Taunton Ave	Seekonk	MA	02771	401-339-1968	Shani Wallace
J & B SOLUTIONS	517 Schoolcraft St	Grand Ledge	MI	48837	616-862-5461	John Bentley
J AND K SOLUTIONS	1331 Louis St	Albert Lea	MN	56007	507-369-5189	John Anderson
SOURCE PARTNERS USA	233 Rogue River Hwy #279	Grants Pass	OR	97527	541-474-6922	Bill A Weil
SBG ENTERPRISES INC	1258 Lakeview Dr	Canyon Lake	TX	78133	512-844-5338	Valerie Odell

## Attachment C – List of Outlets

The following franchisees each had a franchised outlet at which they ceased to do business under the franchise agreement during the 2023 fiscal year:

<i>AMH Enterprises Outlets:</i>					
<i>Company</i>	<i>City</i>	<i>St</i>	<i>Zip</i>	<i>Phone</i>	<i>Owner</i>
BLUEGREEN ROSE INC.	Anaheim	CA	92888	714-280-0950	Rosie Hancock
PRISM BUYERS SOLUTION	Bradenton	FL	34211	941-350-4337	Nigel Flower
LD SOURCING SOLUTIONS CORP	Miramar	FL	33027	786-390-0795	Jorge Villarreal
J & T Supply Chain Solutions LLC	Plantation	FL	33324	954-494-6305	Jason Lewis
J&T SUPPLY CHAIN SOLUTIONS LLC	Plantation	FL	33324	954-292-8445	Jason Lewis
BUYERS SOURCE INTERNATIONAL*	Peoria	IL	61614	309-256-1125	David Windsor
SELECT SOURCE PROCUREMENT	Vicksburg	MI	49097	269-492-8897	Alison & Paul Martin
ABTIK LLC	Strafford	NH	03884	603-828-2576	Jim Hayes
ABTIK LLC	Strafford	NH	03884	603-828-2576	Jim Hayes
POINTE PROPERTY MANAGEMENT INC	Cuyahoga Falls	OH	44223	440-487-4225	Brian Wollerman
COSMIC CREATIVE SOLUTIONS LLC	Rock Creek	OH	44084	440-343-2253	Scott Lolrey
CONTRACTOR SUPPLY SOLUTIONS	Terrebonne	OR	97760	541-504-7714	Jules Mawson
TBP R ENTERPRISE LLC	Rockwell	TX	73087	214-934-4598	Matthew Riebock
HARP & DAGGER LLC	Logan	UT	84321	805-857-9729	Tony Harper
BUYERS ER-ENTERPRISES RESOURCES	Bremerton	WA	98312	425-443-5982	Brenda Banghart
BA SOLUTIONS, INC	Port Orchard	WA	98367	360-649-4158	Bonnie Almirel

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

# Attachment D – Manual Table of Contents

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## Attachment E – Registered Agents

### Registered Agents

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

**California:**

Commissioner of Financial Protection and Innovation  
Department of Financial Protection and Innovation  
One Sansome Street, Ste 600  
San Francisco, California 94104

**Connecticut:**

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

**Florida:**

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

**Hawaii:**

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

**Illinois:**

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

**Indiana:**

Indiana Secretary of State  
201 State House  
Indianapolis, IN 46204

**Iowa:**

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

**Maryland:**

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

**Michigan:**

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

**Minnesota:**

Minnesota Commissioner of Commerce  
85 7<sup>th</sup> Place East Ste 280  
St. Paul, MN 55101

**Nebraska:**

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

**New York:**

New York Secretary of State  
41 State Street  
Albany, NY

**North Dakota:**

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

**Oregon:**

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

**AMH Enterprises**

**FRANCHISE DISCLOSURE DOCUMENT**

DD-24A

Attachment E – Registered Agents

## **Attachment E – Registered Agents**

### **Rhode Island:**

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

### **South Dakota:**

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

### **Texas:**

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

### **Virginia:**

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

### **Washington:**

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater WA 98501-6456

### **Wisconsin:**

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

## Attachment F – State Agencies

The State agencies involved with franchising are as follows:

### California:

Commissioner of Financial Protection  
and Innovation  
Department of Financial Protection  
and Innovation  
One Sansome Street, Ste 600  
San Francisco, California 94104

### Connecticut:

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

### Florida:

Department of Agriculture and  
Consumer Services  
Division of Consumer Services  
227 N. Bronough Street, Suite 7200  
Tallahassee, FL 32301

### Hawaii:

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

### Illinois:

Franchise Bureau  
Office of Attorney General  
100 W. Randolph Street, Room 12-  
178  
Chicago, IL 60601

### Indiana:

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

### Iowa:

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

### Maryland:

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

### Michigan:

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

### Minnesota:

Franchise Examiner  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East Ste 280  
St. Paul, MN 55101

### Nebraska:

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

### New York:

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

### North Dakota:

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

**AMH Enterprises**

**FRANCHISE DISCLOSURE DOCUMENT**

DD-24A

Attachment F – State Agencies

## Attachment F – State Agencies

### Oregon:

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

### Rhode Island:

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

### South Dakota:

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

### Texas:

Statutory Document Section  
PO Box 12887  
Austin, TX 78711

### Utah:

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

### Virginia:

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

### Washington:

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

### Wisconsin:

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

The Address of the United States Federal Trade Commission is:

Federal Trade Commission  
Washington, D.C. 20580

**AMH Enterprises**

**FRANCHISE DISCLOSURE DOCUMENT**

DD-24A

Attachment F – State Agencies

# Attachment G - State Law Addendum

## Illinois Addendum

(Applies only to Illinois franchisees)

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Payment of the Initial Franchise Fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Date Signed: \_\_\_\_\_  
Franchisor

Date Signed: \_\_\_\_\_  
Franchisee

AMH Enterprises, Inc.

By: \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

\_\_\_\_\_  
[print] \_\_\_\_\_

\_\_\_\_\_  
[print] \_\_\_\_\_

# Attachment G - State Law Addendum

## Minnesota Addendum

(Applies only to Minnesota franchisees)

- a. NSF fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on service charges.
- b. Minnesota Stat. § 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from: (i) requiring litigation to be conducted outside Minnesota; (ii) requiring waiver of a jury trial; and (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of the franchisee’s rights as provided for in Minnesota Franchise Act or (ii) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- c. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a release that would relieve any person from liability imposed by Minnesota Statutes, Chapter 80C. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.
- d. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
- e. 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.
- f. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.
- g. The parties agree that for any claims arising under the Minnesota Franchise Act, Minn. Stat. § 80C.01-22, the parties will apply the statute of limitations contained in Section 80C.17, subd. 5
- h. We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat. §80C.12, Subd. 1(g).
- i. To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law.
- j. Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. Items 5 and 7 of the Franchise Disclosure Document and the franchise agreement are amended accordingly.
- k. This state law addendum, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.

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

Date Signed: \_\_\_\_\_  
Franchisor

Date Signed: \_\_\_\_\_  
Franchisee

AMH Enterprises, Inc.

By: \_\_\_\_\_,  
\_\_\_\_\_, its \_\_\_\_\_

[print] \_\_\_\_\_

## Attachment G - State Law Addendum

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[print] \_\_\_\_\_

## **Attachment G - State Law Addendum**

### **Washington Addendum**

(Applies only to Washington franchisees)

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

## Attachment G - State Law Addendum

Pursuant to Paragraph 3.1 of the Franchise Agreement, upon Franchisee's business opening and Franchisor completing all of its material pre-opening obligations to Franchisee, Franchisee shall pay Franchisor the Initial Franchise Fee, Thirty Five Thousand Dollars (\$35,000), for the License ("Initial Franchise Fee").

This state law addendum is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement.

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

Date Signed: \_\_\_\_\_  
Franchisor  
AMH Enterprises, Inc.

Date Signed: \_\_\_\_\_  
Franchisee

By: \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

\_\_\_\_\_  
[print] \_\_\_\_\_

\_\_\_\_\_  
[print] \_\_\_\_\_

## Effective Dates

### STATE EFFECTIVE DATES

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

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

State	Effective Dates
Florida	Pending
Minnesota	Pending
Washington	Pending

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

# Receipt

## Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If AMH Enterprises, Inc. offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale or sooner if required by state law.

Maryland, New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Wisconsin require 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 AMH Enterprises, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Attachment F.

The following are our franchise sellers: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

Date of Issuance: August 15, 2024.

See Attachment E for our registered agents authorized to receive service of process.

I have received a disclosure document dated August 15, 2024 (code "DD-24A") that included the following Exhibits:

Attachment A - Audited Financial Statements

Attachment C - List of Current and Former franchisees

Attachment B - Franchise Agreement with:  
Exhibit A, State Addenda  
Exhibit B Franchise Location; and  
Exhibit C, Personal Guarantee.

Attachment D - Manual Table of Contents

Attachment E - Agents for Service of Process

Attachment F - State Agencies

Attachment G - State Law Addenda

DATED: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME (Please print)

WITNESS: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Receipt

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Attachment D - Manual Table of Contents

Attachment E - Agents for Service of Process

Attachment F - State Agencies

Attachment G - State Law Addenda

DATED: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME (Please print)

WITNESS: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_