FRANCHISE DISCLOSURE DOCUMENT

RENOVATION SELLS FRANCHISING, LLC
Illinois limited liability company
2370 N. Elston Avenue
Chicago, Illinois 60614
773-217-0581
franchising@renovationsells.com
www.renovationsells.com

The franchisee will operate a residential real estate renovation and remodeling business to help individuals sell their home under the "Renovation Sells" trademarks.

The total investment necessary to begin operation of a Renovation Sells franchised business is $79,005 - $171,484 This includes $55,500 - $130,500 that must be paid to the franchisor or its affiliates.

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

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 accountant.

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

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

Issuance Date: April 30, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.

4. **Minimum Performance Requirements**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of you franchise, and loss of your investment.

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

RENOVATION SELLS FRANCHISING, LLC
Franchise Disclosure Document

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LIST OF EXHIBITS

ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Renovation Sells Franchising, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Renovation Sells franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of Illinois on June 19, 2020. Our principal business address is 2370 N. Elston Avenue, Chicago, Illinois, 60614, and our telephone number is 773-217-0581. We do business under our company name, “Renovation Sells” and its associated design (the “Marks”). We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the “ Renovation Sells” Marks. We began offering franchises on July 15, 2020.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessor company.

We have a parent company, Renovation Sells Holdings, LLC, an Illinois limited liability company with a principal place of business at 2370 N. Elston Avenue, Chicago, Illinois 60614. Renovation Sells Holding, LLC, was formed on June 19, 2020 and is our owner. Renovation Sells Holding, LLC, has not offered franchises in this or in any other lines of business previously.

We have an affiliated company, Renovation Sells, LLC, an Illinois limited liability company with a principal place of business at 2370 Elston, Chicago, IL 60614. Renovation Sells, LLC, was formed on January 22, 2018, and is a similar business to the franchise business. Renovation Sells, LLC, has not offered franchises in this or in any other lines of business previously.

We have a second affiliated company, Renovation Sells, IP, LLC, an Illinois limited liability company with a principal place of business at 2370 N Elston Avenue, Chicago, Illinois 60614. Renovation Sells IP, LLC was formed on July 9, 2020 and is the owner of our marks. Renovation Sells IP, LLC has exclusively licensed use of the Marks to us. Renovation Sells IP, LLC, has not offered franchises in this or any other lines of business previously.

We have a third affiliated company, MV Construction, LLC, an Illinois limited liability company with a principal place of business at 1038 Forest Avenue, River Forest, Illinois 60305. MV Construction, LLC, has operated a general contracting business that focused on remodeling and renovation (not directed at homes that are for sale) in River Forest, Illinois, and the surrounding counties, and has not offered franchises in this or in any other lines of business previously.

We may operate other Renovation Sells concepts, including additional Renovation Sells businesses similar to the business offered by this Disclosure Document, in the future.

The Franchise Offered:

We offer franchises for the right to operate a business specializing in residential renovation and remodeling aimed to facilitating home sales and enhancing the living spaces for home buyers and individuals opting to remain in their homes under the “Renovation Sells” Marks (registered with the USPTO, Principal Register No. 6,232,000), our proprietary operating procedures and adhere to our rigorous standards within a specified territory (the “Franchised Business”). The Franchised Business offers homeowners and buyers custom design, materials, and construction services, all curated to enhance a home’s appeal. The distinguishing characteristics of the Franchised Business include, but are not limited to, our distinctive and uniform trade dress standards, design services, operations procedures, service methods, and methods for management, training, and marketing, all of which may be changed, improved or further developed by us at any time (the “System”). We offer a maximum of 5 territories that pay be purchased under the franchise agreement.

Market and Competition:

The market for your Franchised Business encompasses a broad range of clients, including residential sellers, residential buyers, homeowners opting to stay in their properties, and organizations such as senior moving companies, title companies, mortgage brokers, insurers, real estate brokerages, and lenders. Additionally, our services appeal to various other lead sources. This market is not confined to particular seasons but does experience peak times of activity. It's also subject to fluctuations based on economic conditions and the volume of real estate transactions within your designated area.

The residential renovation and remodeling business is established. You will compete with residential real estate contractors, renovators, and house flippers, including national, regional and local companies, offering services similar to those offered by your Franchised Business. There are other residential real estate renovation and remodeling franchises, as well as independent businesses and individual providers that may offer similar services and products.

Industry Specific Regulations:

You do not have to have any specific licenses but must have ability to manage projects and have knowledge of small-scale home renovation such as a general contractor, real estate agent, designer, or home staging expert. Where necessary you will be responsible for ensuring that all subcontractors are properly licensed in the municipality where they are working.

Some states may have licensing, certification or registration requirements applicable to some or all of the services you will be providing through your Franchised Business. You may be required to pay a fee to the state agency or association responsible for enforcing these requirements. Some states may require a minimum level of education or related work experience to obtain licenses.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here. You will be responsible for investigating and complying with any such laws in your designated territory. You should consider both their effect on your business and the cost of compliance. You should thoroughly investigate all of these laws and requirements before purchasing a Renovation Sells franchise.

ITEM 2: BUSINESS EXPERIENCE

Chief Executive Officer: Michael Valente

Michael Valente is our co-founder as well as the Chief Executive Officer. Michael has also been the managing Partner of the Renovation Sells, LLC concept since January of 2018, and since then has worked exclusively developing and growing the brand. Since September of 2012, Michael has been the owner of MV Construction LLC in Chicago, IL.

Chief Operating Officer: Amanda Valente

Amanda Valente is our co-founder and Chief Marketing Officer. Amanda has been the Vice President of Marketing and Business Operations for our affiliate, Renovation Sells LLC, since January 2018. Since February of 2017, Amanda has been the Vice President of Marketing for our affiliate MV Construction LLC in Chicago, IL. She also worked as the National Practice Group Manager for the law firm of Seyfarth Shaw, LLP from May of 2015 through January of 2017 in Chicago, IL, and worked in Marketing and Business Development for the law firm of Mayor Brown LLP from August of 2013 through April of 2015 in Chicago, IL.

President: Lisa Carrel

Lisa Carrel is our Executive Vice-President and Partner at Renovation Sells. Lisa has been in her role since May of 2022. Before joining Renovation Sells Lisa served as the founder and CEO of Proxfinity from 2016 to May of 2022 in Chicago, IL.

Chief of Construction: John Bura

John Bura is our co-founder and Director of Construction and has held this position for Renovation Sells, LLC since 2018. John was the Director of Construction for our affiliate MV Construction, LLC from 2014 through 2018 in Chicago, IL. He has also been the Owner of American Custom Homes in Chicago, IL since 2010.

Chief of Design: Briana Rauen

Briana Rauen is our co-owner and Chief Design Officer. Briana has been an Interior Designer for Renovation Sells, LLC since January 2018. Briana was a Freelance Interior Designer for MV Construction, LLC from June 2014 through December 2017 in Chicago, IL.

She also worked as the Sales Director for the luxury outdoor furniture manufacturer, McKinnon and Harris, headquartered in Richmond, VA. Briana worked remotely from Chicago, Illinois handling Midwest and Canadian sales.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The amount of the Initial Franchise Fee will depend on the number of territories you purchase and is calculated as follows:

One Territory	Two Territories	Three Territories
$50,000	$90,000	$120,000

This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance. If you purchase additional territories after signing your first franchise agreement, the Initial Franchise Fee will be $50,000 per territory.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you.

We currently offer a 10% discount on the initial franchise fee to honorably discharged military veterans and their spouses, and we offer a 5% discount on the initial franchise fee for first responders.

You must pay us an initial training fee of Five Thousand Five Hundred Dollars ($5,500.00) when you sign the Franchise Agreement for up to two people to attend initial training. You are required to bring an additional person to initial training for each territory over three that you purchase. The fee is an additional Two Thousand Five Dollars ($2,500.00) for each additional person over two people to attend. The Initial Training Fee is fully earned by us upon payment and is non-refundable to you.

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ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Revenues	Bi-weekly via ACH on Tuesday for the sales for the prior two weeks.	Payable to us. See footnote 1.
Brand Development Fund Contribution	1% of Gross Revenues, subject to increase up to 2% of Gross Revenues	Bi-weekly via ACH on Tuesday for the sales for the prior two weeks.	Payable directly to the Brand Development Fund. See footnote 3.
Minimum Performance Requirement	First 6 months no royalty fee will be assessed. $50,000 of Gross Revenue in signed contracts every six months, or equivalently, $100,000 over the course of each year.		First 6 months no royalties will be assessed. You must collect a minimum of $50,000 of gross revenue in signed contracts every six months, or equivalently, $100,000 gross revenueover the course of each year. If you fall below these thresholds, then you will be obligated to pay an adjustment fee equal to the difference between your royalties paid throughout the calendar year.
Required Minimum Expenditure for Local Marketing and Advertising	We require a minimum marketing expenditure of $2,000 per month for the first year for your first territory. Beginning in month 13, you must spend an additional $1,000 per month per additional territory. By way of example only, if you purchase 2 territories, the total monthly marketing investment beginning in month 13 would be $3,000 per month.	Monthly, as incurred.	Payable to third-party suppliers. All advertising must be approved by us. See Item 11. See footnote 2.

Type of Fee	Amount	Due Date	Remarks
Advertising Cooperative	Currently $0. Fees for the cooperative will not exceed one-half of the Local Advertising requirement or your pro-rata share of actual cooperative advertising costs, whichever is greater.	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Renovation Sells outlets in a designated geographic area, or we may establish a national cooperative comprised of all franchised Renovation Sells outlets. Our affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion. See footnote 4.
Technology Fee	$150 per month	Monthly via ACH on the first Tuesday of each month.	The Technology Fee is payable to us. See footnote 5.
Renovation Sells Construction Training Program	Currently $450 for the first month, $150 for each additional 2 months	As incurred	In addition to initial training, developed with a third party supplier it is a virtual training program tailored specifically for Renovation Sells franchisees.
Late Charge	$75	As incurred	If you fail to pay us the Royalty Fee, Brand Development Fund Fee, or if you fail to submit your Gross Revenue report when due, we may charge you $75 for each late submission in addition to interest charges explained below.
Interest Charge	1.5% per month from due date or maximum allowed by law, whichever is lower	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-sufficient Funds Fee	$50 per violation	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-sufficient Funds Fee.

Type of Fee	Amount	Due Date	Remarks
Successor Agreement Fee	$5,000 per Territory	Before signing successor agreement	Payable to us. See Item 17.
Relocation Fee	Actual costs and expenses	As Incurred	See Footnote 6.
Transfer Fee	$5,000 per Territory For transfer to: (i) owner(s) of the franchisee entity that does not change management control, there is no transfer fee and (ii) a spouse, parent or child upon death or permanent disability, no transfer fee is applicable	Upon approval of the transfer	Payable to us. See Item 17
Interim Management Fee	Our then-current fee, which is currently 20% of Gross Sales, during the term of interim management, plus all travel related and other expenses.	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and Brand Development Fund Contributions), payable to us, if we provide interim management of your Franchised Business due to lack of manager, default, death or disability.
Initial Training	The fee for additional trainees, who attend the same training session as you, is $2,500 per person. You pay all travel and other related expenses incurred by all trainees.	Prior to training attendance. Travel and related expenses are due as incurred.	Initial training takes place in Greater Chicagoland Area, Illinois. You must also pay the incidental costs of attendance, which include but are not limited to, airfare, transportation, hotel and food costs. Incidental costs are payable to third-party suppliers. Fees for additional trainees are payable to us.

Type of Fee	Amount	Due Date	Remarks
Additional Training	Currently $500 per person per week plus expenses incurred. You pay all travel and other related expenses incurred by you and your personnel to attend training.	As incurred.	See footnote 7.
Remedial Training Fee	Our then-current trainer per diem rate plus expenses. Our current per diem rate is $300 per day, plus travel and other expenses.	As incurred.	We may impose this fee, payable to us, if you request additional training in your territory from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Examination of Books and Records	Cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue report you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.
Evaluation Fee	Costs and expenses.	As incurred.	Payable to us. See footnote 8.
Inspection Reimbursement	Actual Cost	As incurred.	You must reimburse us for our inspection costs if our inspection finds that you are using a product or service that does not conform to our system standards.
Customer Dispute Resolution Fee	Amount we refund to a customer on your behalf.	As incurred	You must pay us this fee if we refund any amounts to your customer.

Type of Fee	Amount	Due Date	Remarks
Confidential Operating Manual Replacement Fee	$100, or our then-current fee	As incurred	Paid to us
Quality Review Services	Varies Currently $0	As incurred	Payable to third-party providers. See footnote 9.
Indemnification	Amount of loss or damages plus costs	As incurred.	See footnote 10.
Damages, Costs and Expenses for Non-compliance	Actual damages, costs and expenses	As incurred.	See footnote 11.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus a ten percent (10%) administrative fee and other actual expenses	As incurred.	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.
Commercial Accounts Fee	Up to 2% of Gross Revenues derived from services rendered to Commercial Accounts. Currently 1%	Bi-weekly via ACH on Tuesday for the sales for the prior two weeks.	Paid to us.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

[1] "Gross Revenue" includes all revenues and income from any source derived, invoiced or received, by you from, through, by or on account of the operation of the Franchised Business whether invoiced only or received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e. vouchers). At our request, you must execute documents that allow us to automatically take the Royalty Fee from business bank accounts via electronic funds transfers. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report revenues for the month, then we will collect 120% of the last Continuing Royalty Fee collected and reconcile amounts when you next report revenue.

[2] Upon our request, you must furnish us with a monthly report and documentation of local advertising expenditures during the previous calendar month.

[3] We may increase the Brand Development Fund contribution at any time in our sole, reasonable discretion.

[4] As of the date of this Disclosure Document, no Advertising Cooperative has been established. In the event an Advertising Cooperative is established, all franchisee and affiliated-owned outlets will receive one vote. Fees for the cooperative will not exceed one-half of the Local Advertising requirement or the pro-rata share of actual cooperative advertising costs, whichever is greater.

[5] This fee is for services including, but not limited to, web hosting, assigned phone numbers and email addresses, franchise portal, benchmarking platform, or other operations or communications systems. We may increase the fee based on supplier pricing increases, introduction of new technology, and/or changes in vendors.

[6] Any relocation must be approved by us. Except in the case of emergency, the new premises must be occupied and open prior to vacating the old location.

[7] We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training, including attendance at a national business meeting or annual convention, for up to five (5) days per year, at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

[8] If you wish to purchase, lease or use any, equipment, supplies, services or other items unapproved or from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier's facilities and evaluation and testing of the proposed item or service.

[9] We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, customer satisfaction surveys and periodic quality audits, to

monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

[10] You must indemnify and hold us, our parent and affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

[11] If you breach the Franchise Agreement, you must reimburse us any costs we incur to cure your default. You must also pay us all damages, costs and expenses, including reasonable attorneys' fees, we incur in obtaining any remedy, injunctive or other relief to enforce the provisions of the Franchise Agreement.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(Single Unit)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$50,000	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement.	Us
Initial Training Fee[2]	$5,500	Lump sum	Upon signing franchise agreement.	Us
Your Training Expenses[3]	$1,500 - $3,000	As required for materials, transportation, lodging & meals	As required by suppliers of transportation, lodging & meals.	Suppliers of books and reference materials, transportation, lodging & meals.
Rent Deposits[4]	$0 - $1,500	As incurred	Before opening	Landlord
Utility Deposits[5]	$0 - $500	As incurred	Before opening	Utility providers
Signage[6]	$200 - $500	As incurred	Before opening	Suppliers
Office Furniture, Fixtures, Equipment and Supplies[7]	$0- $350	As required by suppliers	Before opening	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Licenses and Permits[8]	$550 - $1,100	As required by government agencies	Before opening, as required by government agencies	Government Agencies
Computer Systems[9]	$555 - $4,034	Lump sum payment in cash or available funds	Before opening	Suppliers
Vehicle[10]	$0 – $1,000	As required by vendor, lessor or lender	Before opening	Vendor, Lessor or Lender
Membership/ Association Dues[11]	$300- $1,000	As required by trade organization	Before opening	Trade organization
Professional Fees[12]	$3,400- $6,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Grand Opening Advertising[13]	$9,000	As required by supplier	As required by supplier	Suppliers
Insurance[14]	$3,000 - $5,000	As required by insurer	Before opening	Insurer
Additional Funds – 3 months[15]	$5,000 - $13,000	As incurred	In according with agreed-upon terms	Employees, suppliers, etc.

TOTAL	$79,005 - $171,484

[1] The Initial Franchise Fee will vary depending on the number of territories you purchase. See Item 5 total which will be applies to each additional territory purchased. From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you.

[2] We will train up to two people as part of your $5,500 Initial Training Fee. If you choose to bring additional personnel to training, you must pay an additional $2,500 per person for each trainee who attends. Any additional personnel that attend the initial training program will be required to sign a confidentiality and non-compete agreement.

[3] The chart estimates the costs for transportation, lodging, and meals for your trainee(s). These incidental costs are not included in the Initial Franchise Fee. We will cover the costs

of some meals on training days. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is up to eight (8) days. This estimate does not include employee wages.

[4] This estimate reflects the range of no rent required for a home office, and the high-end estimate of three (3) months' rent deposit required for the rental of a 300 square foot office at $500 per month, which reflects the first month, last month, and one (1) months' security deposit. Both estimates represent a site in a suburban location.

[5] Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. We have based our estimate on the experiences of our affiliates. If you are opening a home office, the utility deposits should equal $0. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

[6] The cost of Signage includes wall signage for the exterior of the building, if applicable, as well as yard signs and interior signage such as logo graphics for windows and interior brand identification such as wall graphics in addition to vehicle signage. The difference between the high and low estimates are due to the size of the vehicle door sign.

[7] You are permitted to operate from an office in your home. Your home office will require a desk, chair, filing and storage cabinetry and sufficient lighting. You may already have necessary furniture and fixtures, or you may need to purchase items such as a desk, chair and filing cabinetry. The cost of furniture and fixtures will vary depending on your suppliers and design preferences. You will need miscellaneous office supplies and consumables.

[8] You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the cost of local business licenses that typically remain in effect for 1 year. This estimate further includes the initial cost of licenses, certifications and/or permits that may be required by you or your employees to provide services offered by the Franchise. The costs of permits and licenses will vary by location.

[9] We require you to purchase computer systems and software meeting our minimum specifications for use in your Franchised Business. You are required to have a desktop or laptop computer and an all-in-one printer that can operate our required software and applications. You must purchase, install and access to the software we require. This total also includes the software licenses required within our computer systems. You must also have Internet including customer accessible Wi-Fi and other telecommunications equipment and services, including an iPhone 11 or newer, in accordance with our standards to permit electronic transmission of reports and revenue and customer information. We reserve the right to change your requirements for computer hardware and software at any time. The low end of the estimate in the above Table assumes you have adequate computer hardware and must purchase required software only.

[10] You must use a vehicle of the make, model and age we require, for travel to your clients' properties. Your vehicle must be in good condition and appearance. You may use a vehicle you currently own, if we determine, in our sole discretion, that it meets our specifications and we give our consent.

[11] You are required to maintain a membership with a relevant trade association within the Territory of the Franchised Business.

[12] You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any other contracts that you will enter into as part of starting your Franchised Business.

[13] Your initial campaign will include purchasing printed branded materials to use as sales tools, launching an email campaign targeting realtors in your territory, purchasing gifts and food for realtors, and the option to hire a business development representative or host a community event, all through our approved suppliers.

[14] Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance costs and requirements may vary widely in different localities. The estimate is for 1 year of liability insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

[15] This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as initial payroll, taxes, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, additional marketing costs and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses. We relied upon the experience of our affiliate-owned Renovation Sells outlet to compile these estimates.

You should review these figures carefully with a business advisor before making any decision to invest in the franchise.

We do not offer direct or indirect financing to franchisees for any other items included in this section.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, supplies and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase all equipment, inventory, supplies and services from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

In addition to approved and/or designated vendors, we are the only approved supplier of design services. The design services required will be covered by the monthly Royalty fee and you will not be charged extra for these services.

Neither us nor our affiliates owns an interest in any other current supplier.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. We currently require franchisees to have the following insurance coverages:

General Liability: General liability insurance with minimums of $1,000,000 per occurrence, $2,000,000 general and products/completed operates aggregate, $1,000,000 personal/advertising injury, $50,000 rented premises damage, and $5,000 medical expenses. The policy must include additional insured, waiver of subrogation, primary and noncontributory provisions, contractual and independent contractor liability, and be occurrence-based with per-location aggregate. It must be provided by an A- VII or higher AM Best-rated admitted carrier. Stop-gap coverage is required for applicable monopolistic states.

Franchisee Commercial Auto: Commercial Auto Insurance with a $1,000,000 combined single limit, covering uninsured/underinsured motorists, owned, hired, and non-owned autos. Policies must include additional insured, waiver of subrogation, and primary/non-contributory provisions, provided by an A- VII or higher AM Best-rated carrier.

Workers Compensation: Workers' compensation Insurance with coverage limits of $1,000,000 for bodily injury by disease per accident, $1,000,000 policy limit, and $1,000,000 per employee. The policy must be in place regardless of state laws and cannot exclude owner-operators. It must also include uninsured independent contractors and a waiver of subrogation. The insurance carrier must be A- VII rated or higher by AM Best to ensure financial stability and reliability.

Property / Business Interruption: Property insurance with coverage for equipment (>$100,000), trailer (>$15,000), business interruption (>$100,000), and franchisor royalties. The insurance carrier must be A- VII rated or higher by AM Best.

Cyber Liability: Cyber Liability Insurance with minimum coverage limits of $100,000 per occurrence and $100,000 aggregate.

Insurance coverage of such types, nature, and scope sufficient to satisfy your indemnification obligations under this Agreement. And, any other insurance coverages we may require in the future.

We require you to purchase computer systems and software meeting our minimum specifications for use in your Franchised Business. You are required to have a desktop or laptop computer and an all-in-one printer that can operate our required software and applications. You must purchase, install and access to the software we require. You must also have Internet including customer accessible Wi-Fi and other telecommunications equipment and services, including an iPhone 11 or newer, in accordance with our standards to permit electronic transmission of reports and revenue and customer information. We reserve the right to change your requirements for computer hardware and software at any time.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge you an evaluation fee equal to our costs and expenses.

We may derive revenue from your purchase of certain products and services from our designated suppliers. During the fiscal year ending December 31, 2023, we recognized $16,528.03 in rebate revenue from required purchases by franchisees that we offer. This amounts to 0.9% of our total revenue of $1,672,000. We may, but are not required to, use these funds to develop and implement marketing and promotional activities designed to benefit the Renovation Sells System. These funds will not reduce the payments you must make to us as fee payments under the Franchise Agreement.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately between 30% and 33% of your costs to establish your Franchised Business and approximately 10% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11, 12
b. Pre-Opening Purchase/Leases	8.2, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.1, 8.2, 12.1.1	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2	11
f. Fees	5.2.5, Article 6, 7.4, 7.5, 12.3.7, 12.8, 12.9,13.2, 13.3.1,15.6, 16.4, 18.1.4, 18.1.5, 19.1.5 20.8	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 11.4, Article 12, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.3, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.8	8
j. Warranty and Customer Service Requirements	12.6	Not Applicable
k. Territorial Development and Sales Quotas	13.2	12

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
l. Ongoing Product/Service Purchases	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.7, 12.1.9	Item 11
n. Insurance	Article 15	7
o. Advertising	12.1.8, Article 13	6, 11
p. Indemnification	12.4, 12.5,15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.3, 12.1.4	11, 15
r. Records/Reports	12.2	6
s. Inspections and Audits	12.1.5, 12.2.4, 12.9	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty (Spouse)	11.3, Attachment 6	15

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

a. designate the boundaries of your territory (Franchise Agreement, Section 8.1).

b. provide the Renovation Sells Operations Manual and other manuals and training aids we designate for use in the operation of your Renovation Sells, as they may be revised from time to time (Franchise Agreement, Section 10.2).

c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. (Franchise Agreement, Section 10.3).

d. provide you with initial training at our headquarters in Chicago, Illinois. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Section 7.1).

e. provide you with some assistance in establishing prices, such as setting minimum and/or maximum prices

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is sixty (60) days. Factors that may affect this time period include your ability to acquire license and permits and completion of required training. Other factors include your level of experience in this industry. If you are currently or previously were a contractor, your time to open may be within thirty (30) days. If you are a realtor or broker, have previous design experience, or you are a real estate investor, your time to open will be within sixty (60) days. The maximum time to open is ninety (90) days. If you have not opened your Franchised Business within ninety (90) days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

You must have an office (the "Office") at a location in the territory that meets our specifications. The location of the Office will be specified in the Franchise Agreement. If your Office is a home office, some of our specifications for a home office include having (i) a quiet, designated space in your home for the Office. As long as your Office is a home office, you
must continue to satisfy our requirements for a home office which we may change. If we determine that your home office no longer meets our requirements for a home office or that a home office does not (or no longer) meets the needs for the Franchised Business or the

Territory, you must obtain an Office at a business location. We do not own or lease a premises to you.

If you choose to not to have a home office and the location of your Office is not known and authorized by us when you sign the Franchise Agreement, you must (i) look for proposed locations for the Office, (ii) obtain our authorization for a location for the Office within sixty (60) days of the effective date of the Franchise Agreement, and (iii) (if applicable) acquire
the Office or enter into a lease/sublease for the Office within 60 days of the effective date of the Franchise Agreement. You must provide to us any information we request in considering authorizing the proposed location as the Office. After our approval of a site for your Office, you will not relocate the Office without our prior written consent. The Office must be designed (including the layout and appearance), furnished and equipped in accordance with our specifications and requirements in the Manual.

If we do not approve a certain location for your Office, you must propose a location. If we and you are unable to agree upon a location for your Office and, as a result, you fail to meet your requirement to commence operating in 60 days of the effective date of the Franchise Agreement, we may terminate the Franchise Agreement. While there is no contractual limit on the time it takes us to approve or disapprove your proposed location, once we have all the necessary documentation for review, we typically take 7 days to approve or disapprove the proposed location. We will not review your lease terms. We will not provide any assistance with equipping your business location if not located in a home office outside of the marketing materials provided prior to opening. Signs, fixtures, and opening inventory not related to Renovation Sells marketing products are not supplied or installed by us.

3. <u>Obligations After Opening</u>

During the operation of your franchise, we will:

a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training and/or attend an annual business meeting or franchisee conference for up to five (5) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.3).

b. upon your request, or as we determine to be appropriate, provide remedial in-territory training and assistance. For any in-territory training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.4).

c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.5).

d. from time to time, as may become available, provide you with samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 10.4).

e. maintain the Renovation Sells website with a link to your Franchised Business contact information and completed work. (Franchise Agreement, Section 12.3.6).

f. provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).

g. subject to applicable law, recommend minimum and maximum prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at any price that you determine within our parameters. (Franchise Agreement, Section 12.7).

h. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten (10) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6); and

i. approve your office location, if you choose to relocate to commercial premises, which approval is in our sole discretion. You will commence operations at home. If you wish to move to a commercial location, you can do so with our approval. Factors for approval include the general location, neighborhood and demographic characteristics of the area when approving a site. We will not unreasonably withhold our approval. You must continue operating out of your home office until we approve a commercial office location (Franchise Agreement, Section 10.1).

4. <u>Advertising</u>

Local Advertising (Franchise Agreement, Sections 13.2, 13.5 and 13.6)

We require you to spend at least Nine Thousand Dollars ($9,000) in an initial marketing campaign during the ninety (90) days following the opening of your Franchised Business. Your initial campaign will include purchasing printed branded materials to use as sales tools, launching an email campaign targeting realtors in your territory, purchasing gifts and food for realtors, and the option to hire a business development representative or host a community event, all through our approved suppliers.

Your Grand Opening Marketing Plan must be approved by us. Thereafter, you are required to spend a minimum of Two Thousand Dollars ($2,000.00) per month for one territory and an additional One Thousand Dollars per month ($1,000.00) per territory beginning in month 13, on local advertising and marketing through our approved suppliers. We may increase your minimum local advertising expenditure, at our reasonable discretion.

Upon our request, you must furnish us with a monthly report and documentation of local advertising expenditures during the previous calendar month. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf. Local advertising is used for brand awareness not lead generation. Leads are generated through the relationships you establish with real estate agents in your local market. You will be trained on best practices for meeting, maintaining and selling to real estate agents.

You are required to furnish us with photographs, videos and digital documentation of two (2) or more projects each calendar year. We reserve the right to utilize the photography/videography developed by you for the for marketing efforts, or any other reason we choose.

As part of your initial launch initiatives, we suggest that you join a relevant trade association and look for sponsorship opportunities. These memberships are not included in the minimum advertising spend. You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld at our discretion. We will respond to your request for approval within ten (10) business days; however, if we do not respond within ten (10) business days, the proposed advertising or marketing material is deemed “disapproved”. We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. We reserve the right to utilize marketing and photography/videography developed by you for the use of all Franchisees without any payment or other compensation to you.

If feasible, you may do cooperative advertising with other Renovation Sells franchisees in your area, with our prior written approval. You may only maintain a business profile on Instagram (per our guidelines). You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube, Pinterest or any other social media and/or networking site without our prior written approval. You may not create a url for the business outside of your webpage.

System-wide Brand Fund (Franchise Agreement, Section 13.3)

Franchise Agreements will require you and all other franchisees signing a franchise agreement pursuant to this disclosure document to contribute to the Brand Development Fund one percent (1%) of Gross Revenue per week, which may be increased by up to two percent (2%) annually, in our reasonable discretion. Each Renovation Sells outlet operated by our affiliate or us may, but is not required to, contribute to the Brand Development Fund on the same basis as System franchisees.

The Brand Development Fund is administered by our accounting and marketing personnel. We may use Brand Development Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Development Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Development Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Development Fund.

The Brand Development Fund will not be used to defray any of our other general operating expenses. Brand Development Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include “Franchises Available” or similar language and contact information in advertising produced with Brand Development Fund contributions.

The Brand Development Fund collects and expends the Brand Development Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Development Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Development Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Development Fund.

The Brand Development Fund was established on January 1, 2023. In the fiscal year ending in December 31, 2023 were collected $31,530.86 in contributions.

The Brand Development Fund is not audited. An annual unaudited financial statement of the Brand Development Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Development Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.

Although the Brand Development Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Development Fund, however, until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Renovation Sells outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Renovation Sells outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against up to one-half of your required expenditures for local advertising. Fees for the cooperative will not to exceed one-half of the Local Advertising requirement or your pro-rata share of actual cooperative advertising costs, whichever is greater.

Advertising Council (Franchise Agreement, Section 9.6)

We do have a franchisee advisory board and advertising council. The franchisee advisory board is composed of franchisees who provide us feedback on our System. The advertising board is composed of franchisees who advise us on advertising policies. Both the franchisee advisory board and advertising council serve in an advisory capacity only to us. We have the power to form, change, or dissolve these committees at any point in time.

5. **Computer Systems** (Franchise Agreement, Section 12.3)

You are required to have an internet-capable laptop computer that can operate the latest versions of software and computer platforms we require. You will also need a multi-color, laser printer/scanner/fax, a monitor/TV screen, a Wi-Fi router, and an iPhone 11 or newer. You are required to use Google-Suite for your general office tasks, QuickBooks online for bookkeeping, report generation and billing, Buildertrend, a construction management software, Matterport for virtual imagery, ProfitKeeper a royalty collection platform, and any other software that we require. Google software is used for scheduling, customer communication, and data collection. You must purchase the required computer hardware and software, at your expense. The cost of purchasing the required hardware is approximately $555 - $4,034 and the current monthly software access fees are $5,089.80 - $6,288.00 annually or $399 - $524 per month depending on the package and payment plan chosen, subject to increase.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other service performance or revenue reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We have no obligation to maintain, repair, update or upgrade your computer hardware and software. At your cost, you must provide on-going maintenance and repairs to your computer hardware and software, which we estimate to cost approximately $100 per year. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We reserve the right to have remote and independent access to all information generated by and stored in your computer system, including your revenue information and customer data. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored in your computer system. We own all client data stored in your computer system.

6. <u>Table of Contents of Operations Manual</u>

The Table of Contents of our Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit E. The Operations Manual has a total of 183 pages.

7. <u>Training</u> (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager must complete our two-week Initial Management Training Program, to our satisfaction, two (2) weeks before opening your Franchised Business. We will train you in the Greater Chicagoland Area, Illinois. Classroom hours may be held virtually.

TRAINING PROGRAM

SUBJECT	HOURS OF VIRTUAL TRAINING	HOURS OF IN PERSON TRAINING	LOCATION
Products and Services: Our Offerings, Design Services, Material and Construction Standards	4	7	Chicago, IL Area
Marketing: Collateral Materials, Advertising Standards, How to Attract Clients, Expand Brand Awareness and Referral/Community Building	1	5	Chicago, IL Area

SUBJECT	HOURS OF VIRTUAL TRAINING	HOURS OF IN PERSON TRAINING	LOCATION
Sales: Consultations, Cultivating the Client Relationship and Creating the Scope of Work	3	12	Chicago, IL Area
Technology and Management: Estimating, Forecasting, Scheduling, Software, Franchise Reporting, KPIs and Financial Management	4	4	Chicago, IL Area
Operations: Daily Procedures, Design, Project Management, Client Communications, Working with Suppliers, Maintenance, Safety and Security	6	6	Chicago, IL Area
Subcontractors & Personnel: Finding subcontractors, managing quality, motivation, and scheduling	2	2	Chicago, IL Area
Design Process: Evaluating Project Needs, Software, Communication with Design Team, Ordering, Installation Standards	2	4	Chicago, IL Area
Financing:	0	1	Chicago, IL Area
TOTAL	22	41	

We schedule training classes as needed, offering the initial training program 4 to 6 times a year approximately every 8 to 12 weeks apart. Our training program utilizes tools such as franchisor made instructional videos, webinars, presentations and tutorials as well as extensive hands-on training within a classroom environment and in the field. Our founder, co-owner, and CEO, Michael Valente, will direct the training program. Michael Valente has been the managing Partner of the Renovation Sells, LLC concept since January of 2018, and since then has worked exclusively developing and growing the brand. From September of 2012 through December of 2017, Michael was the owner of MV Construction LLC in Chicago, IL.

You will receive both classroom instruction and hands-on training. You may not commence operation of the Franchised Business unless and until we determine that you have successfully completed the Initial Management Training Program.

You must pay us an initial training fee of $5,500 when you sign the Franchise Agreement. The initial training fee covers the cost of our instructors, training materials and up to two weeks on-site training for two (2) people. You are required to bring an additional person to initial training for each territory over three that you purchase. The fee is $2,500 for each additional person over two people to attend. You must also pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation and most meals for yourself and your personnel. Our current fee to provide initial training to any additional trainees who attend training with you is $2,500 per additional trainee.

If you do not complete our Initial Management Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

In addition to the Initial Management Program, you must attend Renovation Sells Construction University, a virtual and app-based construction training program. This Program and its fees are completely separate from the Initial Management Program, although access will be granted, and the Program will be discussed during the in-person portion of the Initial Management Program. This virtual training program is 3-months minimum and consists of 13 courses with videos and knowledge checks. The mandatory Program is $150/month ($450 total investment for the initial 3 months). If you would like additional access to the app, you may request to extend your subscription, and if subscriptions are available, you will receive access on a month-to-month basis at a cost of $150/month. Subscriptions will be auto renewed monthly. Requests to cancel must be received at least 1 week from the start date of your renewal.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs and an annual conference or national business meeting for up to five (5) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting, is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one (1) Renovation Sells outlet within a limited protected territory (the "Protected Area"). Your Protected Area is located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous zip codes. The Protected Area is determined on an individual basis taking into account demographics, minimum numbers of households, geographic terrain and market potential. Your Protected Area will have a minimum population of 300,000 people and up to 85,000 owner occupied dwellings, based on the most recent census data and determined by a third-party mapping service. Your Protected Area will be defined and attached to your Franchise Agreement as Attachment 2. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Renovation Sells outlet or grant the right to anyone else to open a Renovation Sells outlet within the Protected Area. However, we reserve all rights to sell, either directly or through others, our products and services under the Marks in the Protected Area (i) through alternative distribution channels, as discussed below, (ii) to pre-existing clients, and/or (iii) at the request of a referral source.

There are minimum performance requirements. You are granted a six-month grace period following the commencement of operations during which no royalty fees will be assessed. Following the end of this initial period, you are required to collect a minimum of $50,000 of gross revenue in signed contracts every six months, or equivalently, $100,000 over the course of each year. If you fall below these thresholds, then you will be obligated to pay an adjustment fee equal to the difference between your royalties paid throughout the calendar year and the $70,000 minimum royalty payment. This ensures a consistent minimum performance standard across our franchise network, aligning with our commitment to mutual success and brand integrity.

We may, but have no obligation to, consider granting to you the right to establish additional Renovation Sells outlets under other franchise agreements. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories.

The Franchise Agreement entitles you to operate from an office in your home. You may not change the location of your Franchised Business office, except in accordance with the requirements of the Franchise Agreement. You may only relocate the Franchised Business office with our consent. We consider the general location, neighborhood and demographic characteristics of the area when approving a site. You are required to remove all identifying signs and property from the original office location.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Renovation Sells outlets outside of the Protected Area and may operate and solicit other kinds of businesses within the Protected Area such as units in non-traditional locations such as malls, warehouse clubs, home improvement stores, transportation centers, design centers, and limited access venues, among others. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We also reserve the right to solicit, sell to, negotiate rates with, and service real estate firms that conduct business across multiple areas or have multiple locations either regionally or nationally, such as brokerage firms, builders, property management companies or insurance providers, major corporations that regularly relocate employees ("Commercial Accounts"). You will receive no compensation for services that we provide to Commercial Accounts in your Protected Area, however, we may, but have no obligation to, offer you the first right to service Commercial Accounts in your Protected Area, provided that you accept the negotiated terms.

We reserve the rights to offer (i) other services and products not offered under the Marks, (ii) other residential real estate and property renovation and remodeling concepts or products under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Protected Area including, but not limited to, co-branding with other real estate businesses, and products offered through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). You will receive no compensation for our sales through Alternative Distribution Channels in the Market Area.

You may not use Alternative Distribution Channels to make sales inside or outside your Protected Area; however, we will include a listing on our website of your Renovation Sells Franchised Business contact information. You may only solicit sales from customers in your Protected Area. Your local advertising must target customers in your Protected Area, although the reach of your local advertising may extend beyond your Protected Area. You may solicit any realtor or real estate office, wherever located, for the purpose of performing home renovation services in your Protected Area only. If you are requested to perform home renovation services at a property outside of your Protected Area, you may do so only if the property is not located in the territory of another Renovation Sells franchisee. If you are requested to perform home renovation services at a property located within the territory of another Renovation Sells franchisee, you must refer the request to such other franchisee, unless such other franchisee provides written acknowledgement that you may perform the service.

ITEM 13: TRADEMARKS

Renovation Sells IP, LLC ("Licensor") is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of a Renovation Sells outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Renovation Sells Marks, registered with the U.S. Patent and Trademark Office, as described below (the "Principal Marks"):

Mark	Registration Number	Serial Number	Registration/Application Date	Register
	6,232,000		December 29, 2020	Principal
		98009670	May 23, 2023	Principal

Licensor has filed all required affidavits. No registrations have been required to be renewed as of the date of this disclosure document; however, our affiliate has filed with the United States Patent and Trademark Office all required maintenance for the above Marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Marks or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Marks or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Marks or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Marks, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor's right, or our right, to the Principal Marks or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Marks or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Marks or other Marks in a manner material to the franchise.

Our license agreement with Licensor gives us broad rights to use the Marks in connection with the operation of the Renovation Sells franchise System, and to sublicense to franchisees the right to use the Marks, in strict accordance with our Franchise Agreement. The term of our license agreement is for five (5) years, commencing June 19, 2020, and will automatically renew every five (5) years. The license agreement will terminate only upon (i) our bankruptcy or (ii) our election to terminate by providing 180 days' prior notice to the Licensor. A termination of the license agreement will have no effect on sublicenses granted to franchisees prior to the date of termination.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Operations Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

If you develop any new concept, process, product, service, or improvement ("Improvement") in the operation or promotion of the Franchised Business, you are required promptly notify us and provide us with all requested information relate to the Improvement and sign all documents necessary for us to obtain full proprietary rights to the Improvement. We have no obligation to compensate you for the Improvement or for any cost you incur to sign over your rights to the Improvement to us.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 8).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you personally supervise and manage the day-to-day operation of your Franchised Business, with our approval you may a manager so long as the manager his minimum ownership of ten percent (10%) that can be earned over time Upon approval, your manager must successfully complete our Initial Business Training Program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval. If you buy four or more territories, you are required to have an additional manager per territory over three if multiple principals are not purchasing the franchise.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 8. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty, which is attached to our Franchise Agreement as Attachment 6.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You may only offer and sell the products and services that are part of the System, and the services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved and for which you are qualified to provide.

You may not use our Marks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Renovation Sells outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers in your Protected Area. Your local advertising must target customers in your Protected Area, although the reach of your local advertising may extend beyond your Protected Area.

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.

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten (10) years
b.	Renewal or extension of the Term	Art. 5	If you are in good standing as defined below, you can sign a successor agreement for one (1) additional term of ten (10) years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
c.	Requirements for franchisee to renew or extend	Sections 5.1 and 5.2	Be in full compliance, have no more than three (3) events of default during current term, provide written notice to us at least nine (9) months, but not more than twelve (12) months, before the end of the term, execute a new franchise agreement, pay us the Successor Agreement Fee of $5,000 per Territory, repair, upgrade or replace the equipment and other Franchised Business assets to meet then-current specifications, execute a general release, comply with then-current qualifications and training requirements, including completion of additional training, subject to state law. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	The Franchise Agreement does not give you any right to terminate. You may seek termination upon any grounds permitted by law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within six months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default, subject to state law. The Franchise Agreement describes defaults throughout. Please read it carefully.

	Provision	Section in Franchise Agreement	Summary
g.	"Cause" defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not disclosed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of five (5) consecutive days or more; fail to comply with applicable laws; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.

	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Renovation Sells franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys' fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Exhibit F; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; and payment of a transfer fee of $5,000 per Territory or no transfer fee for transfer to an entity owned and controlled by the franchisee for convenience purposes or no transfer fee for a transfer to a spouse, parent or child upon death or permanent disability, subject to state law.

	Provision	Section in Franchise Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers or referral sources of any Renovation Sells outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers or referral sources of any Renovation Sells business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 20 miles of your former Renovation Sells Territory or any other Renovation Sells office location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 21.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.

	Provision	Section in Franchise Agreement	Summary
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, subject to state law.
v.	Choice of forum	Section 20.3	Litigation takes place in Illinois, subject to applicable state law.
w.	Choice of law	Section 20.3	Illinois law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item contains a historical financial performance representation of the outlet owned by our affiliate, Renovation Sells, LLC, located in Chicago, Illinois, as of December 31, 2022, our fiscal year end. This outlet operates partly out of a commercial office space and partly from the home an affiliate member. The results of our other affiliate, MV Construction, LLC, are not disclosed because the business model is different from the offering presented in this Disclosure Document. All financial information included in this Financial Performance Representation has been generated by using financial information provided in they bookkeeping systems.

Part 1. Sales and Expense Information

The following table summarizes the sales and expenses of our affiliate-owned location included in this Financial Performance Representation during the period January 1, 2022 to December 31, 2023.

Table I. Financial Performance of Affiliate Owned Location				
	2023 $	2023 %	2022 $	2022 %
Gross Sales	$2,340,056	100%	$ 2,110,904	100.0%
Cost of Goods Sold				
Labor	$841,683	35.97%	$975,048	46.19%
Materials	$594,108	25.39%	$480,247	22.75%
Gross Margin	**$904,265**	**38.64%**	**$655,609**	**31.06%**
Expenses				
General Manager Compensation	$ 84,215	3.60%	$ 0	0.00%
Advertising and Marketing	$ 41,005	1.75%	$ 29,207	1.38%
Labor - Indirect	$ 23,357	1.00%	$ 31,587	1.50%
Auto Expense	$12,496	0.53%	$10,930	0.52%
Professional Services	$10,989	0.47%	$8,576	0.41%
Insurance Expense	$ 6,044	0.26%	$6,435	0.30%
Office Expense	$3,209	0.14%	$2,842	0.13%
Telephone Expense	$1,357	0.06%	$1,273	0.06%
Bank and Financing Fees	$1,264	0.05%	$ 558	0.03%
Taxes and Licenses	$375	0.02%	$ 375	0.02%
Software Expenses	$12,720	0.54%	$8,124	0.38%
Gross Profit Less Disclosed Expenses	**$707,234**	**30.22%**	**$555,702**	**26.33%**
Less: adjustments for other recurring franchisee related expenses that will be incurred by you but that were not incurred by our Reporting Company Owned Outlet.				
Royalty	$163,804	7.00%	$147,763	7.0%
Brand Fund	$23,401	1.00%	$21,109	1.0%
Gross Profit Less Disclosed Expenses and Franchisee Related Expenses	**$520,029**	**22.22%**	**$386,830**	**18.33%**

[1] The figures in the above tables have not been audited.

[2] Gross Sales include all money received in the operation of the business, less sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority.

[3] Cost of Goods Sold Labor consists of payroll and subcontractor payments to the craftsmen and laborers who performed the services represented by Gross Sales.

[4] Cost of Goods Sold Material includes material and labor costs. Your costs may vary based upon your state as material costs may include sales tax paid for materials subject to state tax laws. In Some states, materials used for capital improvements are exempt from sales tax. For example, sales tax in Chicago, IL, where our affiliate is based, is 10.25% which may be higher or lower than your area, even if the materials are taxable in the state where your franchise is located, and therefore your costs may differ from these estimates. The accounting system does not segregate sales taxes and labor cost of sales, thereby making quantification difficult.

[5] Gross Margin is the mathematical result of Gross Sales minus Total Cost of Goods Sold.

[6]Advertising and Marketing represents expenditures advertise and promote the services offered by Renovation Sells, primarily via social media advertising on platforms such as Facebook, Google, and Houzz, as well as a variety of areas including print advertising, printed material, swag, local networking events and networking groups, and client entertainment including coffee, breakfast, lunch, and dinner outings.

[7]Auto Expense represents the cost of one company vehicle including the monthly payment, fuel and maintenance.

[8]Bank and Credit Card Fees represents the merchant services fees charged by our bank and credit card processing service.

[9]Insurance expense includes business liability and workers compensation insurance.

[10]Indirect Labor represents the wages paid to administrative operations employees to order material and create contracts as well as the employer taxes paid on those wages.

[11]Office Expense includes general office supplies, and computer related purchases such as toner cartridges.

[12]Professional Services Accounting represents the cost of an outside accountant and bookkeeper to maintain ledgers, prepare financial statements, and file tax returns.

[13]Taxes and Licenses are amounts paid to for business related licenses including articles of incorporation fees.

[14]Telephone represents the cost of telephone and mobile phone service for the business.

[15] For our affiliate owned location, this amount represents the hypothetical Royalty, Fees our affiliate would pay under the Franchise Agreement. You will not pay any Brand Fund contributions until the System has 20 franchisees and they are not included in the above table. You are required to pay a fee to a third party for software. Our affiliate paid the same amount as you will pay to the same vendor. This amount is not hypothetical but is shown with the other franchise related costs for clarity.

[16] Net Income includes Gross Sales, less cost of sales, expenses and franchise expenses not incurred by our affiliate.

Part 2. Project Gross Sales

Table II. Average Project Gross Sales			
	2023	**2022**	**YOY**
Gross Sales	$2,340,056	$2,110,904	10.86%
Number of Projects	64	61	4.92%
Average Gross Sales per Project	$ 36,563	$ 34,606	5.66%
Highest Project Gross Sales	$ 319,285	$ 323,000	-1.15%
Lowest Project Gross Sales	$ 2,950	$ 2,500	18.00%
Median Project Gross Sales	$ 24,950	$ 26,150	-4.59%

Part 3. Cost of Goods Sold Components of Affiliate Owned Location

The following table presents the components of Cost of Goods Sold of our only affiliate owned location during the period January 1, 2023 to December 31, 2023. Cost of Goods Sold includes Labor and Materials.

Table III Cost of Good Sold Components of Affiliate Owned Location		
Category	**2023**	**% of Total Cost**
Drywall / Painting	$ 228,538	15.92%
Tile	$ 142,981	9.96%
Countertop Stone	$ 119,337	8.31%
Electrical / Electrical Fixtures	$ 112,831	7.86%
Flooring	$ 110,796	7.72%
Plumbing	$ 107,227	7.47%
Cabinet Painting	$ 99,927	6.96%
Demo / Trash Removal / Cleanup	$ 98,421	6.85%
Bathroom Materials	$ 88,027	6.13%
Cabinets and Vanities	$ 81,265	5.66%
Finished Materials	$ 57,470	4.00%
Glass Shower Doors / Mirrors	$ 52,726	3.67%
Carpet	$ 31,228	2.17%
Tub / Tile Refinishing	$ 22,940	1.60%
Interior Trim	$ 21,725	1.51%
Framing	$ 18,642	1.30%
Exterior	$ 16,113	1.12%
Appliances	$ 10,704	0.75%
Fireplace Tile	$ 8,677	0.60%
HVAC	$ 6,216	0.43%
Total	**$ 1,435,791**	**100.00%**

Notes for Table III

1. These results are unaudited.

2. These results represent sales of products and services which will be available for franchisees to sell.

3. Our affiliate operates in a two territory market and the data above was achieved in an area comprising a population of approximately 827,000. Your results may vary depending on the size and characteristics of your territory. Other than the size of your territory and the hypothetical royalty and brand fund contributions disclosed above in Table 1, there are no material differences between our affiliate outlet and the outlet you will operate.

4. Cost of Goods sold component is inclusive of Labor and Materials

Part 4. Sales of Corporate Owned Location

The following table presents the Gross Sales of our only corporate owned location during the period January 1, 2023 to December 31, 2023.

Table IV Sales by Month - Chicago - Corporate		
Month	**Gross Sales**	**% of Gross Sales**
January	$ 138,299	5.91%
February	$ 143,704	6.14%
March	$ 308,726	13.19%
April	$ 109,385	4.67%
May	$ 219,296	9.37%
June	$ 206,304	8.82%
July	$ 222,494	9.51%
August	$ 220,762	9.43%
September	$ 209,738	8.96%
October	$ 207,325	8.86%
November	$ 101,755	4.35%
December	$ 252,268	10.78%
Total	**$ 2,340,056**	**100.00%**

Part 5. Signed Contracts

The following table presents the total signed contracts of franchisee and corporate owned location as of December 31, 2023.

Signed Contracts by end of 2023 - Entire System			
	Average Revenue of each group	**# of locations in each group**	**Avg length of time Open in months**
Top 25%	$ 710,978	7	18.5
Middle 50%	$ 306,874	13	17.9
Low 25%	$ 119,496	7	16.43
Open Less than 12 Months	$ 160,175	11	7.18

Written substantiation of the data used in preparing these figures will be made available to you upon reasonable request. The information presented above has not been audited.

Our affiliate-owned outlet has earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial performance representation, Renovation Sells Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michael Valente, Renovation Sells Franchising, LLC, 2370 N. Elston Avenue, Chicago, Illinois 60602, (773) 217-0581, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	8	+8
	2022	8	31	+23
	2023	31	42	+9
Company – Owned*	2021	1	1	0
	2022	1	1	0

	2023	1	1	0
Total Outlets	2021	1	9	+8
	2022	9	32	+23
	2023	32	43	+9

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

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

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
California	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Colorado	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Connecticut	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
District of Columbia	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Delaware	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

Florida	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
Georgia	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Illinois	2021	0	1	0	0	0	0	1
	2022	1	3	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Indiana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Michigan	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
New Hampshire	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	2	0	0	0	1
Ohio	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021	0	1	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Texas	2021	0	3	0	0	0	0	3
	2022	3	5	1	0	0	0	7
	2023	7	2	1	0	0	0	8
Virginia	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	0	8	0	0	0	0	8

	2022	8	25	2	0	0	0	23
	2023	23	13	4	0	0	0	43

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

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Illinois	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

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Alaska	0	0	0
Arizona	0	2	0
Arkansas	0	0	0
California	0	2	0
Colorado	0	1	0
Connecticut	0	1	0
Delaware	0	0	0
Florida	0	4	0
Georgia	0	1	0
Illinois	0	2	0
Indiana	0	1	0
Kansas	0	0	0
Kentucky	0	0	0
Maryland	0	1	0
Massachusetts	0	1	0

Michigan	0	1	0
Minnesota	0	1	0
Mississippi	0	0	0
Missouri	0	1	0
New Jersey	0	1	0
New York	0	1	0
North Carolina	0	2	0
Ohio	0	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	0	2	0
Utah	0	1	0
Virginia	0	1	0
Washington	0	1	0
Total	0	33	0

* Our company-owned outlet is operated by our affiliate.

Exhibit E lists the location of each Renovation Sells franchisee in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the 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.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Our audited financial statements for December 31, 2023, December 31, 2022 and the period of inception through December 31, 2021 are included in Exhibit C.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all attachments to it (Marks, Territory

Description, Statement of Ownership Interests in Franchisee, Spousal Guaranty, Internet and Social Media Listing Assignment Agreement, and Confidentiality and Non-Compete Agreement).

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit I. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Michael Valente, Renovation Sells Franchising, LLC, 2370 N. Elston Avenue, Chicago, IL 60614.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

RENOVATION SELLS FRANCHISING, LLC
DATA SHEET

Franchisee: ______________________
(Individual(s) and ______________________
Entity, if applicable) ______________________

Spouse Guarantor(s): ______________________
____
____

Effective Date: ____

Territory Count: ____

Territory/Territories Description: See attached Map and/or List of Zip Codes

Initial Franchise Fee: ____

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

TABLE OF CONTENTS

List of Attachments:

RENOVATION SELLS FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of ___________________, (the “Effective Date”) by and between Renovation Sells Franchising, LLC, an Illinois limited liability company with its principal place of business at 2370 N. Elston Avenue, Chicago, Illinois, 60614 (herein “Franchisor”) and ___________________________, a(n) ______ ___________________, with its principal place of business located at_________________________ ____________ and ____________________________‘s principals ______________________, an individual residing at _________________________________ and ____________________ ______, an individual residing at ____ (“Principal(s)”). _________________________ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established an unique business that provides comprehensive residential real estate and property renovation and sales services, using Franchisor’s format, trade dress, methods of marketing and operation, training and assistance, Franchisor’s confidential operations manual of business practices and policies (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the service mark Renovation Sells, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS. The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE. Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Renovation Sells franchise that provides residential renovations to help individuals sell their homes (the

"Franchise" or "Franchised Business"), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the "Territory").

3. SOLICITATION AND SALES RESTRICTIONS

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchise Business within the Territory only. Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other Renovation Sells franchisees, to operate a Renovation Sells business in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Renovation Sells franchises around, bordering and adjacent to the Territory. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein.

3.2 Minimum Performance Standards. Franchisee acknowledges the importance of actively developing the Territory to achieve maximum revenues, and, to that end, Franchisee agrees to use best efforts to market Franchisee's Franchised Business to meet the Minimum Performance Standards. Franchisee's failure to meet the Minimum Performance Standards is a material default of this Agreement, and upon such default, Franchisor is entitled to either (i) provide Franchisee with remedial training in accordance with Section 7.5 hereof, (ii) reduce the size of the Territory (iii) terminate the exclusivity rights to the Territory granted to Franchisee in Section 3.1 hereof, and/or (iv) terminate this Agreement.

3.3 Outside-Area Sales. Franchisee may solicit any realtor or real estate office, wherever located, for the purpose of performing home renovation services at properties located within the Territory only. In the event Franchisee is requested to perform home renovation services at a property outside of the Territory, Franchisee may do so only if the property is not located in the territory of another Renovation Sells franchisee. In the event Franchisee is requested to perform home renovation services at a property located within the territory of another Renovation Sells franchisee, Franchisee must refer the request to such other franchisee, unless such other franchisee provides written acknowledgement to Franchisee that Franchisee may perform the service. Prior to performing any home renovation services pursuant to this Section 3.2, Franchisee shall obtain (x) any and all required licenses to conduct business in the subject location and (y) all required insurance as set forth in Article 15 hereof covering services that Franchisee performs in the subject location.

3.4 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other general contracting focusing on high-end remodeling/renovation, not directed at homes that are for sale, concepts or products under the Marks or other trademarks, (iii) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other real estate or renovation businesses, and products offered through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). Franchisor specifically reserves the right to solicit in non-traditional locations such as design centers and limited access venues for the purpose of attracting business throughout the Territory. Franchisor further specifically reserves the right to solicit, sell to, negotiated rates with, and service real estate firms that conduct business across multiple areas or have multiple locations either regionally or nationally, such as real estate brokerage firms, property management firms, marketing firms, insurance companies and builders, and major corporations who regularly relocate employees ("Commercial Accounts"). Franchisor may offer Franchisee the right to service Commercial Accounts in the Territory, provided that Franchisee accept negotiated terms; otherwise, Franchisor may service the Commercial Accounts either directly or permit another franchisee to provide such service. Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels or declined Commercial Accounts made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.3 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

4. **TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. **SUCCESSOR OPTIONS.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for one (1) additional term of ten (10) years. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to Five Thousand Dollars ($5,000.00) per Territory ("Successor Agreement Fee").

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than nine (9) months but not more than twelve (12) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within sixty (60) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Section 5.1 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.

5.2 <u>Conditions of Successor Agreement.</u> Franchisee's right to enter into a Renewal Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, Franchisor's operations manual ("Manual") and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.

5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.4 Franchisee performs such repairs, upgrades and replacements as Franchisor may require to cause the Franchised Business equipment, computer system, vehicle(s) and other assets to conform to the then-current specifications for franchised businesses on the renewal date.

5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Renovation Sells Franchising, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form hereto attached to the Franchise Disclosure document. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.6 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Renovation Sells franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

6. FEES

6.1 Initial Franchise and Royalty Fees. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee in the amount set forth on the Data Sheet (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, twice monthly, every other week, via ACH withdrawal on Tuesday for the sales week ending the immediately preceding Sunday throughout the Term, a royalty fee equal to seven percent (7%) of the Gross Revenue, realized from the Franchised Business and from any other revenues received using Franchisor's trademarks, methods, operations and/or trade secrets (the "Royalty Fee"). The term "Gross Revenue" includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited to, any and all other revenues received using Franchisor's trademarks, methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Gross Revenues also include all proceeds from any business interruption insurance. Excluded from Gross Revenues are: (1) sales taxes and other taxes separately stated that Franchisee collects from customers and pays to taxing authorities; (2) refunds and credits made in good faith to arms' length customers, provided such credits or refunds are made in accordance with Franchisor's standards and specifications; and (3) the discount value of any voucher or other allowance that Franchisor authorizes at the time Franchisee redeems the customer's voucher or allowance.

6.1.3 Gross Revenue Reports. Franchisee shall, on or before the Tuesday of every other calendar week, furnish Franchisor with a report showing Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar week ending the immediately preceding Sunday (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor's discretion, Franchisee shall submit, or grant Franchisor access to, the Gross Revenue Report by an electronic transfer of data via the computer information systems ("Computer System") that Franchisor requires Franchisee to use in the operation of the Franchised Business.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the Brand Development Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and Brand Development Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee's failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

6.2 Late Fee. If the Royalty Fee, Brand Development Fund Contribution, other fee due and payable to Franchisor or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars ($75.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Development Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.

6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars ($50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.5 Internal Systems Fee. Franchisor reserves the right to impose an internal systems fee, in an amount that Franchisor reasonably determines, for the development, adoption and/or use of new or improved internal systems technology for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or communications systems ("Internal Systems Fee"). In franchisor's sole discretion, Franchisor may (i) increase the amount of the internal systems fees or (ii) replace the technology with different technology, developed by Franchisor or third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Internal Systems Fee in the manner and frequency as reasonably determined by Franchisor.

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

7. TRAINING

7.1 Initial Management Training Program. Franchisee shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") prior to the opening of the Franchised Business. The Initial Management Training Program will be held over a two-week period in the Greater Chicagoland Area, Illinois or virtually. Franchisor reserves the right to designate an alternate location for the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have a principal who has successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. Upon execution of this Agreement, Franchisee shall pay Franchisor a non-refundable initial training fee of Five Thousand Dollars ($5,000.00) for up to two (2) individuals to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, most meals and wages.

7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial

Management Training Program cannot be satisfactorily completed by Franchisee or a Principal, Franchisor may terminate this Agreement.

7.3 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's Principal(s), shall participate in on-going training and/or a national business meeting or annual convention, for up to five (5) days per year. Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional missed training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal(s) and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.4 In-Territory Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide phone or screen-share remedial training and assistance to Franchisee's personnel. For any additional on-site training and assistance within the Territory, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.5 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided in Territory pursuant to Section 7.4, furnish business counseling and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS

8.1 Franchisee shall commence operation of the Franchised Business from a home-based office. If Franchisee desires to operate out of a commercial office location during the Term after the first year of the Term, such office location is subject to Franchisor's approval, and in accordance with Section 8.3 hereof. Franchisee assumes all cost, liability, expense and responsibility for equipping and outfitting the Franchised Business office as outlined in the Manual.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (ii) hire and train staff, if required, (iii) obtain all required licenses to operate the Franchised Business, (iv) obtain all equipment Franchisor requires, including but not limited to, computer systems, software, applications, and vehicle in accordance with Franchisor's standards, and (v) join appropriate trade associations in the Territory. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within ninety (90) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.3 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the office of the Franchised Business to commercial premises at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, (i) Franchisee shall remove any signs or other property from the original Franchised Business office which identified the original Franchise Business office as part of the System and (ii) the parties shall amend Attachment 2 to reflect the address of the new Franchised Business office location.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED BUSINESS AND SYSTEM

9.1 Maintenance of Franchised Business Assets. Franchisee shall maintain the Franchised Business office location, all required Franchised Business equipment, Franchisee's vehicle, the Computer System, and all hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired equipment, vehicles and computer hardware, software and accessories, as Franchisor may direct.

9.2 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.3 System Services. From time to time, Franchisor, in Franchisor's sole discretion, may modify, add to, or remove renovation and remodeling services offered by the Renovation Sells System. Upon written notice by Franchisor, Franchisee shall incorporate all modifications, removals and additions to the services offered by Franchised Business, and Franchisee shall (i) purchase, or otherwise obtain access to, all necessary equipment, software, applications and/or supplies to perform such modified or additional services and (ii) attend any additional training, in accordance with Section 7.4 hereof, as Franchisor may direct.

9.4 Trade Dress Modifications.

9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

9.4.2 Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor to conform to Trade Dress Modifications. Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the additions or modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the additions and modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

10 FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

10.1 Territory and Site Determination. Designate the boundaries of Franchisee's Territory, by description and/or mapped boundaries, and set forth same in Attachment 2 attached hereto and incorporated herein. Franchisor shall also approve a commercial site of the Franchised Business office premises in accordance with Section 8.3, if applicable.

10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.

10.3 Pre-Opening Requirements. Provide a written list of other equipment (including vehicle specifications), signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.

10.4 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.

10.5 Training. The training programs specified in Article 7 herein.

10.6 On-Going Assistance. Post-opening assistance in accordance with the provisions of Article 7.

10.7 Brand Development Fund. Administer a Brand Development Fund in accordance with Section 13.3.

11 FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Best Efforts. Franchisee, including each of Franchisee's Principals, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and

11.3 Spousal Guaranty. If any Franchisee or Principal is a married individual and the Franchisee's or Principal's spouse has not executed this Agreement, such Franchisee or Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 6 hereof.

11.4 Personal Supervision.

11.4.1 Franchisee accepts full responsibility for, and shall be fully liable to, Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals.

11.4.2 Franchisee shall be actively involved in the management of the Franchised Business. Notwithstanding the foregoing, Franchisee shall designate and retain at all times an Operating Principal (the "Operating Principal") to be primarily responsible for and exercise decision-making authority on behalf of the Franchised Business. The Operating Principal shall be Franchisee, if Franchisee is an individual, or a Principal that owns at least ten percent (10%) equity interest in Franchisee, if Franchisee is a business entity. Franchisee shall designate its Operating Principal prior to attending the Initial Training Program. The Operating Principal shall, during the entire period he or she serves as Operating Principal, meet the following qualifications:

(i) Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

(ii) Shall devote his or her full time and best efforts to the supervision and management of the Franchised Business, and may not engage in any other business activity without Franchisor's consent, which may be withheld in Franchisor's sole discretion.

(iii) Satisfy the training requirements set forth in Article 7.

14.4.3 If either the Operating Principal is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the Operating Principal ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide for interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee the then-current interim management support fee until a replacement Operating Principal is properly trained or certified in accordance with Franchisor's requirements. Franchisee shall pay the interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, upon written demand by Franchisor, or Franchisor may withdraw such amounts from Franchisee's designated bank account in accordance with Section 6.1.4.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, any permits, certificates or licenses required by any industry regulatory agency or association and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 7 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email, software, social media, or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12 FRANCHISEE'S OPERATIONS

12.1 Operation of Franchised Business. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations. Franchisee must have the ability to manage projects and have knowledge of small-scale home renovation such as a general contractor, real estate agent, designer or home staging expert. Franchisee is responsible for ensuring that all subcontractors are properly licensed in the municipality where they are working.

12.1.2 Conduct sales and service of customers using Franchisor's format, methods, forms, reports and software and otherwise in accordance with Franchisor's standards and specifications;

12.1.3 Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor;

12.1.4 Employ only qualified individuals, in accordance with Section 12.5 below, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall require Franchisee's employees to wear clothing conforming to Franchisor's specifications as to style, color, and design as Franchisor may from time to time reasonably designate so as to maintain the goodwill and reputation of Franchisor, the System and the Marks. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.5 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through service call attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any product or service that does not conform to the System standards and specifications;

12.1.6 Maintain in good working order, cleanliness and appearance, all vehicles for use in the Franchised Business. Franchisor reserves the right to set specifications and standards of condition, age and branding, as set forth in the Manual, of vehicles used in the Franchised Business.

12.1.7 Prominently display identifying elements of the System of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.8 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks;

12.1.9 Purchase all equipment, materials, products, supplies and services from suppliers as we approve and designate in the Operations Manual or otherwise in writing from time to time

12.1.10 Maintain appropriate trade association memberships within the Territory throughout the term of the Franchised Business.

12.2. Bookkeeping and Reports.

12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of it transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business 9I) is owned by Franchisor, (ii) is Franchisor's proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3. The financial statements required hereunder shall comply with generally accepted accounting principles and practice, and be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds an underpayment by more than two percent (2%) owed in any Gross Revenue Report, Franchisee shall reimburse Franchisor for the cost of such examination and pay the

Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the Term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3 Computer Systems.

12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the Computer System and other computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing and bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and web-based payment processing and bookkeeping accounts.

12.3.3. Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.

12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall use the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.

12.3.6. Franchisor has established a website that provides information about the System and the services and products offered by the Renovation Sells System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website of Franchisee's contact information and permit Franchisee to upload previous completed work. Franchisee has no ownership or other proprietary rights to Franchisor's Website and Franchisee will lose all rights to such listing of Franchisee's contact information upon expiration or termination of this Agreement for any reason.

12.3.7. In addition to Franchisee's obligations pursuant to Section 6.6 hereof, Franchisee shall pay all other fees, whether ro Franchisor or to third party vendor(s), and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, licensing or user-based fees.

12.3.8. Franchisee is solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee's sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee's computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.

12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle, medical and/or credit histories) that Franchisor requires and that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance to a residence if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless or careless behavior, or a conviction for any crime. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers and their clients are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

12.6 Customer Dispute Resolution. Franchisee acknowledges Franchisor's philosophy that exceeding customers' expectations is essential to Franchisee's success as well as the reputation and success of the System and other Renovation Sells franchisees and that all System franchisees shall endeavor to go above and beyond expectations and generosity in all customer dealings. Accordingly, Franchisee agrees to: (i) use its best efforts to ensure the complete satisfaction of each of Franchisee's customers; (ii) apply the highest standards of customer service and use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; (iii) respond to customer complaints in a courteous, prompt, and professional manner; (iv) use its best efforts to promptly and fairly resolve customer disputes; and (v) within twenty-four (24) hours of receiving a request from Franchisor, provide Franchisor a written summary of the dispute. If Franchisee fails to resolve a dispute with a customer, for any reason whatsoever, Franchisor, in its sole discretion and for the sole purpose of protecting the goodwill and reputation of the System and the Marks, may (but shall not be obligated to) investigate the matter and take such action as Franchisor may deem necessary or appropriate to resolve the dispute fairly and promptly, including, but not limited to, the issuance of a refund on Franchisee's behalf. Within ten (10) days after receiving notice thereof, Franchisee shall reimburse Franchisor for any amounts refunded to a customer on Franchisee's behalf. **Franchisee hereby authorizes Franchisor to take payment of refunded amounts, at Franchisor's option, through electronic funds transfer or ACH payment.** Nothing contained in this Section or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

12.7 Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offer by Franchisee. Franchisee shall have the right to sell its services and products at any price within Franchisor's parameters. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.8 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to using such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee an evaluation fee of up to Five Hundred Dollars ($500.00) to offset Franchisor's cost and time for evaluation, inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within sixty (60) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.9 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.10 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1. In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend monthly, throughout the term of this Agreement, not less than Two Thousand Dollars ($2,000.00) per month for one Territory and, beginning on the thirteen month following the Effective Date, Franchisee shall pay an additional One Thousand Dollars ($1,000.00) per month for each additional Territory over one, subject to reasonable increases by Franchisor not to exceed the Consumer Price Index increase in the Franchisee's metropolitan area, on advertising for the Franchised

Business in the Territory ("Local Advertising"). As and when required by Franchisor, Franchisee shall direct some or all of Franchisee's minimum Local Advertising expenditures to marketing services vendor(s) designated by Franchisor, which Franchisee acknowledges may be Franchisor or Franchisor's affiliate. Franchisor may also require Franchisee to allocate to an advertising cooperative, as described in Section 13.4, up to one-half of Franchisee's required Local Advertising expenditures. Such allocation will be in partial satisfaction of Franchisee's obligations pursuant to this Section 13.2.1.

13.2.2. Within ten (10) business days of Franchisor's request, Franchisee shall provide a monthly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding month. The following costs and expenditures incurred by Franchisee shall ***not*** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) membership costs for real estate boards and associations; (iv) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (v) charitable, political or other contributions or donations.

13.2.3. Franchisee shall spend at least Nine Thousand Dollars ($9,000.00) on Local Advertising and promotional activities in the Territory beginning on the Opening Date and continuing for at least ninety (90) days thereafter ("Grand Opening Marketing"). As and when required by Franchisor, Franchisee shall direct some or all of Franchisee's Grand Opening Marketing expenditures to marketing services vendor(s) designated by Franchisor, which Franchisee acknowledges may be Franchisor or Franchisor's affiliate.

13.2.4 For any Local Marketing activities conducted by Franchisor's designated vendor(s) pursuant to Sections 13.2.1 and/or 13.2.3, Franchisee acknowledges and agrees that Franchisor's designated vendor(s) will use reasonable commercial judgment in the conduct of marketing activities in the Territory, however, Franchisor makes no representation or warranty that such marketing activities will be successful or will yield any particular level of sales or customers for Franchisee. Franchisee hereby waives any and all claims against Franchisor and Franchisor's affiliates related to marketing activities and the success, or lack of success, of marketing efforts by Franchisor's designated vendor(s) made on behalf of Franchisee in the Territory.

13.3 Brand Development Fund.

13.3.1. Franchisor shall establish a national fund on behalf of the System for national advertising, marketing, and brand development (the "Brand Development Fund"). Franchisee is required to contribute One percent (1%) of Gross Revenue per week, subject to increase in Franchisor's reasonable discretion, to the Brand Development Fund ("Brand Development Fund Contribution"). Payments will be made in the same manner and time as the Royalty Fees.

13.3.2. Franchisor shall direct the Brand Development Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3. Franchisor may, but has no obligation to, contribute to the Brand Development Fund on the same basis as Franchisee with respect to Renovation Sells outlets operated by Franchisor or Franchisor's affiliates.

13.3.4. Franchisor may use the Brand Development Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).

13.3.5. The Brand Development Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Development Fund and such costs and expenses pursuant Section 13.3.4. Franchisor further reserves the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Development Fund contributions. The Franchisor shall not otherwise use the Brand Development Fund and its earnings except as permitted by this Agreement. The Brand Development Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Development Fund's operations and will make it available to Franchisee upon request. In administering the Brand Development Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7. Although the Brand Development Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Development Fund, however, until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, then, in addition to required Brand Development Fund Contributions, Franchisee agrees to contribute up to one-half of Franchisee's Local Advertising requirement to the cooperative; provided, however, if a vote of the cooperative members increases the required cooperative contribution, Franchisee shall contribute such increased amount.

13.5 Social Media Use. Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site except in strict accordance with Franchisor's requirements. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

13.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

13.7 Franchisee Projects. Franchisee agrees to photograph, videos, and digitally document two (2) or more projects each calendar year. Franchisee agrees to furnish Franchisor with the photographs, videos and digital documents created by the Franchisee within fourteen (14) days of the project's completion. Franchisee also agrees to sign/execute any photo/video release or other documents to allow the Franchisor to access, use, publish, advertise, market, or other use the photos/videos at the Franchisor's discretion.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Franchisor or Franchisor's affiliate ("Licensor") is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2. As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business office location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

14.4 Validity. Franchisee shall not contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property.

14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or

Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.

14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Renovation Sells" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Renovation Sells Franchising, LLC".

14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Renovation Sells franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous location upon the office and vehicle(s), as directed by Franchisor, used in the Franchised Business, as Franchisor may designate in writing.

14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. Liability. Comprehensive general liability insurance, including errors and omissions coverage, personal and advertising injury coverage, in the form of a general liability rider or as a separate policy, in the amount of at least One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate;

15.1.2. Employment. Worker's compensation coverage in the limits required by state law, employment practices/abuse, and employee dishonesty insurance with third-party coverage in the amount of at least Five Hundred Thousand Dollars ($500,000.00), shall be carried on all of Franchisee's employees, at least Five Hundred Thousand Dollars ($500,000.00) in employer's liability coverage for disease for each employee, and a minimum of Five Hundred Thousand Dollars ($500,000.00) in the aggregate, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.3. Property. Fire, vandalism and extended coverage insurance with primary and excess limits of not less than One Hundred Thousand Dollars ($100,000.00) or such higher amount to cover the full replacement value of the equipment, computer systems, vehicles and other personal property of the Franchised Business;

15.1.4. Business. Business interruption insurance in an amount no less than the greater of (i) One Hundred Thousand Dollars ($100,000.00) or (ii) an amount necessary to satisfy Franchisee's obligations under this Agreement for a minimum period of six (6) months;

15.1.5. Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily and property damage of One Million Dollars ($1,000,000.00), or greater if required by state law;

15.1.6 Electronic Data Processing. Coverage for damage or loss of electronic and computer equipment, media and data in an amount of not less than Fifty Thousand Dollars ($50,000.00); and

15.1.7 Identity Theft, Forgery or Alteration. Coverage for identify forgery, alteration or theft in an amount of at least Fifty Thousand Dollars ($50,000.00) per loss and Two Thousand Five Hundred Dollars ($2,500.00) for expenses.

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor, Licensor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS RENOVATION SELLS FRANCHISING, LLC, RENOVATION SELLS HOLDINGS, LLC, RENOVATION SELLS, LLC, MV CONSTRUCTION, LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THE RENOVATION SELLS INDEMNITEES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "RENOVATION SELLS INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S RENOVATION SELLS FRANCHISE, THE FRANCHISED BUSINESS, THE SERVICES OR PRODUCTS, THE FRANCHISED BUSINESS OFFICE LOCATION, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE RENOVATION SELLS INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE RENOVATION SELLS INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE RENOVATION SELLS INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE RENOVATION SELLS INDEMNITEES HARMLESS, FRANCHSIEE WILL REIMBURSE THE RENOVATION SELLS INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE RENOVATION SELLS INDEMNITEES.

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16. TRANSFERS

16.1 Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations).

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the real estate and property imagery business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;

16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor.

16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Five Thousand Dollars ($5,000.00) per Territory; provided however, (i) for transfers of ownership interest among existing principals, shareholders or members, or to add a business entity or new shareholder or member of the Franchisee entity and such transfer does not change management control of the Franchise, or if the transferee is an entity controlled and owned by the current Franchisee, there shall be no transfer fee, and (ii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchise's Principal, as the case may be, there shall be no transfer fee.

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management for a fee equal to the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

17. DEFAULTS

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee or Principal shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee or Principal files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing an inability to pay debts when due; or if Franchisee or Principal is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee or Principal under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or Principal or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or Principal; or if a receiver or other custodian (permanent or temporary) of Franchisee's or Principal's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or Principal; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's or Principal's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 fails to obtain all required licenses and permits before opening or to open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2 falsifies any report required to be furnished Franchisor hereunder;

17.2.3 abandons operation of the Franchised Business for a period of ten (10) days or more;

17.2.4 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.5 understates Gross Revenue on three (3) occasions or more, whether or not cured on any or all of those occasions;

17.2.6 fails to comply with the covenants in Article 15;

17.2.7 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.8 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.9 has misrepresented or omitted material facts in applying for the Franchise;

17.2.10 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

17.2.11 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.12 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.13 creates a threat or danger to public health or safety from operation of the Franchised Business;

17.2.14 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.15 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.16 fails to comply with the non-competition covenants in Section 19.5;

17.2.17 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)–month period, whether or not the defaults have been corrected;

17.2.18 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.19 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement; or

17.2.20 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)–month period, and the third such late payment in any twelve (12)–month period shall be a non-curable default under Sections 17.2.17 and/or 17.2.18;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)–month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.17.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 exercise complete authority with respect to the operation of the Franchise Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees payable under this Agreement, Franchisee shall pay Franchisor a fee for interim management equal to the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and services, including, but not limited to products and services sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorney's fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

18. POST-TERMINATION

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal shall:

18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Renovation Sells owner, franchisee or licensee;

18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4. promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory or other business assets owned by Franchisee at the time of default;

18.1.5. pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; and

18.1.7. comply with the non-disclosure and non-competition covenants contained in Article 19.

18.2. <u>Right to Purchase</u>.

18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the equipment (including any computer systems and vehicles), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses, social media accounts or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5 If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2 Confidential Information. Franchisee along with its Principal(s) acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, **customer lists, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design,** products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the “Confidential Information”). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee’s employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor’s prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee’s own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, service, or improvement in the operation or promotion of the Franchised Business (“Improvements”), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Noncompetition Covenants. Franchisee and each Principal specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee’s employees. Franchisee and each Principal acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal shall not, either 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, customer or referral source of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any real estate and property renovation and sales business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Renovation Sells franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals shall not, either 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, customer or referral source of the Franchised Business, Franchisor or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any real estate and property renovation and sales business within twenty (20) miles of the Territory or within twenty (20) miles of any Renovation Sells office location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Renovation Sells franchisees.

19.5.3 Notwithstanding anything contained in Section 19.5, Franchisee may engage in the following activities, which Franchisor acknowledges will not be deemed a violation of Section 19.5.1 or Section 19.5.2: (i) referrals to third-parties of work opportunities for services that are not included in the Renovation Sells System, such as structural work and complex construction projects; or (ii) home renovations at properties owned directly by Principal, whether for investment or re-sale, provided that the Renovation Sells tools, resources, methods and other Confidential Information are not used in such activity. Franchisee and Principal agree that Franchisor may audit the books, records and tax returns of Franchisee and/or Principal at any time, upon Franchisor's request, to confirm that Franchisee's and Principal's activities are strictly within accordance with Section 19.5.1 or Section 19.5.2 of the Franchise Agreement.

19.6 Reasonableness of Restrictions. Franchisee and each Principal acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s), since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8 Injunction. Franchisee and each Principal acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9 No Defense. Franchisee and each Principal expressly agree that the existence of any claims they 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.

19.10 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 8 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION

20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below, Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3 Governing Law and Venue. This Agreement is made in, and shall be substantially performed, in the State of Illinois. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Illinois. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Illinois. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.4 Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.5 Waiver of Jury Trial and Certain Damages. Franchisee and each Principal hereby waive, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.

20.6 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.3 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

20.7 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.

20.8 Attorneys' Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorneys' fees and court costs incurred.

20.9 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. GENERAL

21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

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

21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing herein is intended to disclaim any representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principal shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.

21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 17 and 18 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Illinois, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

RENOVATION SELLS FRANCHISING, LLC

By:____

Michael Valente, CEO
(Print Name, Title)

FRANCHISEE:

____

By:____

_________________________, ________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ATTACHMENT 1

Character Mark –

Renovation Sells

Service Mark –

ATTACHMENT 2

TERRITORY DESCRIPTION

Territory (insert map and/or define by zip codes):

Radius = ___ miles

Approved Location Address:

____

____

____

ATTACHMENT 3
AUTHORIZATION AGREEMENT
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **WOOPS! Franchise, LLC**

I (We) hereby authorize WOOPS! Franchise, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name:______________________________________Branch: _____________________

City:__________________________State:__________Zip:___________Phone: _____________________

ACH/Routing Number:___________________________Account Number: ____________________________
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

______________________________	______________________________
Print Franchisee / Account Holder Name	Print Franchisee/Co-Account Holder Name
______________________________	______________________________
Franchisee/ Account Holder Signature-Date	Franchisee/Co-Account Holder Signature-Date
______________________________	______________________________
Daytime Phone Number	Email Address

<u>PLEASE ATTACH A VOIDED CHECK TO THIS FORM</u>

Please Return Form to: WOOPS! Franchise, LLC
120 Norman Avenue
Brooklyn, New York 11222

ATTACHMENT 4
CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _______________________ ("Assignor") hereby assigns and transfers to WOOPS! Franchise, LLC, a New York limited liability company with a notice address of 120 Norman Avenue, Brooklyn, New York 11222 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as _____________________________________. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a WOOPS! outlet between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: ____________ ____

DATED: ____________ ____

ATTACHMENT 5

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name	**Percentage of Ownership**

ATTACHMENT 6

SPOUSAL GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on____________________________, (the "Effective Date") to Renovation Sells Franchising, LLC, an Illinois limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the "Franchisee Agreement") with _______________________________________, a(n) __________________ ____________ and ___________________________ (collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

____

Print Name: ________________________________

Address: __________________________________

____

ATTACHMENT 7

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of ________________ (the "Effective Date") by and between Renovation Sells Franchising, LLC, an Illinois limited liability company (the "Franchisor"), and __________________________, a ___________________ (the "Franchisee").

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Renovation Sells business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media and software accounts, and use telephone listings linked to the Renovation Sells brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Websites, Social Media and Software Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the "Internet

Companies") with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee's interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date

Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Illinois, without regard to the application of Illinois conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

Renovation Sells Franchising, LLC

By:____

Michael Valente, CEO
(Print Name, Title)

FRANCHISEE:

____

By:____

__________________________, ____________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ATTACHMENT 8

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this ___ day of____________________________, 20____, by ____ ____________________________, a(n) ____ _____________ ("Franchisee"), a franchisee of Renovation Sells Franchising, LLC an Illinois limited liability company ("Franchisor"), and _______________________, an individual ("Covenantor") in connection with a Franchise Agreement dated.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _________________, 20____ (the "Franchise Agreement"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark "Renovation Sells" and design mark, and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of a Renovation Sells franchise (the "Franchised Business");

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Renovation Sells operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other Renovation Sells franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any real estate and property imagery business substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in the Renovation Sells System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any real estate and property imagery business within the within twenty (20) miles outside of the boundaries of the Franchisee's Territory or within twenty (20) miles of any Renovation Sells office location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF ILLINOIS. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE OF ILLINOIS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

____

____

If directed to Covenantor:

____

____

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

THE undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

____

By: ______________________________________
Name: ____________________________________
Title: _____________________________________

COVENANTOR:

____
Name: ____________________________________

EXHIBIT C

FINANCIAL STATEMENTS

Renovation Sells Franchising, LLC

<u>AUDITED FINANCIAL STATEMENTS</u>

RENOVATION SELLS FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2023

RENOVATION SELLS FRANCHISING, LLC
TABLE OF CONTENTS

Independent Auditor's Report

To the Members
Renovation Sells Franchising, LLC
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet of Renovation Sells Franchising, LLC as of December 31, 2023, and 2022 and the related statements of operations, members' (deficit), and cash flows for the years ended December 31, 2023, 2022, and 2021, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renovation Sells Franchising, LLC as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the years ended December 31, 2023, 2022 and 2021, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Renovation Sells Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Reese CPA LLC

Ft. Collins, Colorado
April 11, 2024

RENOVATION SELLS FRANCHISING, LLC
BALANCE SHEETS

	DECEMBER 31, 2023	DECEMBER 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 365,274	$ 97,098
Accounts receivable	-	130,000
Prepaid expenses	12,547	11,699
Deferred franchise costs, current portion	254,488	223,392
TOTAL CURRENT ASSETS	632,309	462,189
NON-CURRENT ASSETS		
Deferred franchise costs, less current portion	1,977,404	1,879,014
Property and equipment, net	98,329	222,659
Intangible assets, net	118,469	38,500
Right to use assets, net	115,890	127,772
TOTAL ASSETS	$ 2,942,401	$ 2,730,134
LIABILITIES AND MEMBERS' (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 77,749	$ 22,702
Accrued expenses	12,366	89,984
Due to related parties	110,000	439,553
Non-refundable deferred franchise revenue, current portion	302,798	277,298
Lease liability, current	12,473	11,882
TOTAL CURRENT LIABILITIES	515,386	841,419
NON-CURRENT LIABILITIES		
Non-refundable deferred franchise revenue, less current portion	2,348,634	2,246,694
Convertible notes payable	2,710,991	1,164,739
Lease liability, less current portion	103,417	115,890
TOTAL LIABILITIES	5,678,428	4,368,742
MEMBERS' (DEFICIT)	(2,736,027)	(1,638,608)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	$ 2,942,401	$ 2,730,134

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
REVENUES			
Royalty revenue	$ 669,638	$ 147,764	$ 1,177
Franchise fees	752,559	144,507	11,500
Training and other fees	250,152	115,000	35,000
TOTAL REVENUES	1,672,349	407,271	47,677
OPERATING EXPENSES			
Payroll-related expenses	1,452,111	738,026	109,758
Franchise-related costs	796,803	321,141	83,167
General and administrative	338,154	187,540	80,451
Professional fees	258,168	152,508	45,968
Advertising and promotion	77,783	151,532	51,980
Depreciation and amortization	137,485	19,092	3,989
TOTAL OPERATING EXPENSES	3,060,504	1,569,839	375,313
OPERATING (LOSS)	(1,388,155)	(1,162,568)	(327,636)
OTHER INCOME (EXPENSE)			
Debt forgiveness	510,903	-	-
Interest expense	(204,362)	(47,699)	(1,528)
TOTAL OTHER INCOME (EXPENSE)	306,541	(47,699)	(1,528)
NET (LOSS)	$ (1,081,614)	$ (1,210,267)	$ (329,164)

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Member Contribution	Retained Earnings	Total Members' (Deficit)
BALANCE, DECEMBER 31, 2020	**$ 91,000**	**$ (168,771)**	**$ (77,771)**
Member distribution	-	(16,406)	(16,406)
Net (loss)	-	(329,164)	(329,164)
BALANCE, DECEMBER 31, 2021	**91,000**	**(514,341)**	**(423,341)**
Member distribution	-	(5,000)	(5,000)
Net (loss)	-	(1,210,267)	(1,210,267)
BALANCE, DECEMBER 31, 2022	**$ 91,000**	**$ (1,729,608)**	**$ (1,638,608)**
Member distribution	-	(15,805)	(15,805)
Net (loss)	-	(1,081,614)	(1,081,614)
BALANCE, DECEMBER 31, 2023	**$ 91,000**	**$ (2,827,027)**	**$ (2,736,027)**

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	$ (1,081,614)	$ (1,210,267)	$ (329,164)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Depreciation and amortization	137,485	19,092	3,989
Recognition of deferred costs	635,514	121,927	9,667
Recognition of deferred revenue	(755,060)	(259,507)	(46,500)
Changes in operating assets and liabilities:			
Accounts receivable	130,000	(130,000)	-
Prepaid expense	(848)	(4,949)	(6,750)
Deferred franchise costs	(765,000)	(1,589,000)	(645,000)
Accounts payable	55,047	(18,965)	37,667
Accrued liabilities	(77,618)	89,984	(16,000)
Accrued interest on convertible notes payable	146,252	39,739	-
Deferred franchise revenue	882,500	2,019,999	810,000
Net cash provided by (used in) operating activities	(693,342)	(921,947)	(182,091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	(90,469)	-	-
Purchase of property and equipment	(2,655)	(77,556)	(154,184)
Net cash used in investing activities	(93,124)	(77,556)	(154,184)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt	1,400,000	1,125,000	143,400
Proceeds from line of credit	352,276	123,656	-
Payments on line of credit	(352,276)	(273,267)	-
Debt issuance costs	-	-	6,211
Due to affiliate	(329,553)	118,542	200,815
Member distribution	(15,805)	(5,000)	(16,406)
Net cash provided by financing activities	1,054,642	1,088,931	334,020
NET (DECREASE) INCREASE IN CASH	268,176	89,428	(2,255)
CASH, BEGINNING	97,098	7,670	9,925
CASH, ENDING	$ 365,274	$ 97,098	$ 7,670
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ 58,110	$ 7,960	$ 1,528
Cash paid for taxes	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS (CONTINUED)

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
SCHEDULE OF NON-CASH ACTIVITIES			
INVESTING ACTIVITIES			
Recognition of right to use asset	$ 11,882	$ (139,075)	$ -
FINANCING ACTIVITIES			
Recognition of lease liability	$ (11,882)	$ 139,075	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Renovation Sells Franchising, LLC ("Company") was incorporated on June 19, 2020, (Inception) in the State of Illinois. The Company grants franchises to qualified persons to own and operate a residential and remodeling services business. The business will provide homeowners with on-trend design, materials, and construction services with an emphasis on design that delivers the look that makes the best first impression with buyers, both online and in person, to help sell the customer’s home.

Parent and Affiliates

Renovation Sells Holding, LLC (“Parent”), is an Illinois limited liability company that was formed on June 19, 2020, and is the owner of the Company.

Renovation Sells, LLC, is an Illinois limited liability company that was formed on January 22, 2018, and operates one outlet in Chicago, Illinois.

Renovation Sells IP, LLC is an Illinois limited liability company that was formed on July 9, 2020. Renovation Sells IP, LLC owns of the associated design (“Marks”) and grants the Company the exclusive right to use the Marks, and license others the right to use the Marks, in the operation of a Renovation Sells outlet.

The Parent and affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of outlets owned and operating for the years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021
Outlets in operation, beginning	32	8	1
Outlets opened	18	25	7
Outlets terminated or closed	(5)	(1)	-
Outlets in operation, ending	45	32	8
Franchised outlets	44	31	7
Affiliate owned outlets	1	1	1

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company’s financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not charge off any accounts receivable for the years ended December 31, 2023, 2022, and 2021.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Deferred Franchise Costs

Deferred franchise costs consist of commissions paid on the sale of a franchise by the Company. They are capitalized as an incremental cost of the franchise agreement and are recognized as an expense over the life of the franchise agreement under the guidance of ASC 340-40, "Other Assets and Deferred Costs - Contracts with Customers".

Income Taxes

The Company has elected to be taxed as a Partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the years ended December 31, 2023, 2022, and 2021, for U.S. Federal Income Tax and for the State of Illinois Income Tax.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue mainly consists of franchise fees, training fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees and related costs over the term of the contract, which is currently 10 years from the opening date.

Training fees are recognized when training is complete. Any training fees collected, and not yet recognized, are included in deferred revenue on the balance sheet.

Royalties are 7% of gross revenues, are billed weekly and are recognized as revenue when earned.

Brand Fund Contribution

Contributions to the brand fund are 1% of weekly gross revenue. The Company has reserved the right to increase the brand fund contribution to 2% of weekly gross revenue. Contributions will be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year will be reported as deferred revenue on the balance sheet. The Company did not collect any brand fund contributions for the years ended December 31, 2022, and 2021.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021, and 2021, was $151,532, $51,980, and $16,600, respectively.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded an asset for unrecognized expenses and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

	December 31, 2023	December 31, 2022
Deferred Franchise Costs:		
Balance beginning of year	$ 2,102,406	$ 635,333
Deferral of franchise costs	765,000	1,589,000
Recognition of deferred franchise costs	(635,514)	(121,927)
Balance at end of year	2,231,892	2,102,406
Less current portion	254,488	223,392
Deferred franchise costs, long term portion	$ 1,977,404	$ 1,879,014
Non-refundable Deferred Franchise Revenue:		
Balance beginning of year	$ 2,523,992	$ 763,500
Deferral of non-refundable franchise revenue	882,500	1,899,999
Deferral of training revenue	76,500	120,000
Recognition of non-refundable franchise revenue	(745,060)	(144,507)
Recognition of training revenue	(86,500)	(115,000)
Balance at end of year	2,651,432	2,523,992
Less current portion	302,798	277,298
Non-refundable deferred franchise revenue, long-term portion	$ 2,348,634	$ 2,246,694

Estimated Recognition of Deferred Franchise Costs and Revenues

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues as reported at December 31, 2023, is as follows:

	Deferred Franchise Costs	Non-refundable Deferred Franchise Revenue
Year ending December 31:		
2024	$ 254,488	$ 302,798
2025	254,448	302,798
2026	254,488	302,798
2027	254,488	302,798
2028	254,488	302,798
Thereafter	959,492	1,137,442
	$ 2,231,892	$ 2,651,432

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, is as follows:

	2023	2022	2021
Performance obligations satisfied at a point in time	$ 927,289	$ 262,764	$ 46,500
Performance obligations satisfied through the passage of time	745,060	144,507	1,177
Total revenues	$ 1,672,349	$ 407,271	$ 47,177

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	2023	2022
Furniture and fixtures	$ 55,565	$ 52,910
Leasehold improvements	178,831	178,831
Accumulated depreciation	(136,067)	(9,089)
	$ 98,329	$ 222,659

Depreciation expense was $126,985, $8,593, and $489 for the years ended December 31, 2023, 2022, and 2021, respectively.

NOTE 4 – INTANGIBLE ASSETS, NET

Intangible assets, net consists of the following at December 31:

	2022	2021
Franchise development costs	$ 52,500	$ 52,500
Accumulated amortization	(24,500)	(14,000)
	$ 28,000	$ 38,500

Amortization expense was $10,500, $10,500, and $3,500 for the years ended December 31, 2023, 2022, and 2021, respectively. Estimated amortization expense for the next two and a half succeeding years is expected to be approximately $10,500 per year.

NOTE 5 – RIGHT TO USE ASSET AND LEASE LIABILTY

On January 1, 2022, under the guidance of ASC 842 "Leases", the Company recorded a right to use asset and lease liability for the lease of office space from a company owned by one of the members of the Company. As of January 1, 2022, the remaining initial lease term was 54 months, through June 30, 2026, and the renewal term was 60 months, through June 30, 2031. Lease payments for the initial term are $1,500 month. Lease payments during the renewal term are 5% above the initial term rate. The right to use asset and lease were recorded as an operating lease. The right to use asset and lease liability were valued at $139,075 using the monthly lease payments over the initial and renewal term of the lease using a 5% discount rate based on the lessors borrowing rate. Total lease expense recorded for the year ended December 31, 2022, was $18,000 and consisted of right to use asset amortization of $11,882 and interest expense of $6,118.

Future minimum payments of the lease, including the interest component is as follows:

Year ending December 31:		
2024	$	18,000
2025		18,000
2026		18,000
2027		18,450
2028		18,900
Thereafter		48,150
Total	$	139,500

NOTE 6 – LINE OF CREDIT

The Company obtained a revolving line of credit with a credit limit of $200,000 at an interest rate of index plus 2.5% (an effective interest rate of 11% as of December 31, 2023) and maturing on September 9, 2024. The outstanding balance as of December 31, 2023, and 2022 was $0 and $0. Interest payments on the line of credit borrowings were $9,784, $5,189, and $1,528 for the years ended December 31, 2023, 2022, and 2021, respectively.

NOTE 7 – RELATED PARTY TRANSACTIONS

Transactions with the Company's related parties primarily consist of advances from, and operating expenses allocated from, related parties.

Due the year $510,903 of advances made by a related party was forgiven and are reported as other income in the attached Statement of Operations for the year ended December 31, 2023.

As of December 31, 2022, and 2021 balances owed to the related parties were $110,000, and $439,553. The amounts are not collateralized, bear no interest and are due on demand.

NOTE 8 – CONVERTIBLE NOTES PAYABLE

Group One Issue

During 2022 the Company issued Unsecured Convertible Promissory Notes in the face amount of $1,125,000. During 2023 an additional $475,000 Unsecured Convertible Promissory Notes were issued. The notes bear interest at rate of 10% per annum. The notes mature at various times beginning August 1, 2025, through August 4, 2026. Under the term of the agreement the Company may extend the notes for a period of one year. On the maturity date of each note, the holder of the note may elect to be paid the principal and all unpaid interest in cash or may choose to convert the principal amount and all unpaid interest into Class B membership shares of the Company as defined in the note agreement. The balance of the notes outstanding as of December 31, 2023, and 2022 was $1,785,991 and $1,164,739, including accrued interest of $185,991 and $39,739 reported as interest expense in the Statement of Operations for the years ended December 31, 2023, and 2022 of $146,252 and $39,739.

Group Two Issue

During 2023 the Company issued Unsecured Convertible Promissory Notes in the face amount of $925,000. The notes bear interest at rate of between 15% and 22.6% per annum. The notes mature at various times beginning May 1, 2025, through November 10, 2026. The notes are to be repaid over terms of 18 and 36 months with monthly payment amounts of $43,308 for the first 18 months and $41,625 for months 19 through 36. Payments made are applied first to the total interest to be paid on the note over the life of the note and to principal once all total interest has been paid. The notes may be paid off any time before maturity without penalty. Any payment made before maturity will include accrued and unpaid interest. On the maturity date of each note, the holder of the note may elect to be paid the remaining principal and all unpaid interest in cash or may choose to convert the principal amount and all unpaid interest into Class B membership shares of the Company as defined in the note agreement. The balance of the notes outstanding as of December 31, 2023, and 2022 was $925,000 and $0. Interest expense on these notes was $43,308 and $0 for the years ended December 31, 2023, and 2022.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 10 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 11, 2024, the date on which the financial statements were available to be issued.

RENOVATION SELLS FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2022

RENOVATION SELLS FRANCHISING, LLC
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CPA LLC

Independent Auditor's Report

To the Members
Renovation Sells Franchising, LLC
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet of Renovation Sells Franchising, LLC as of December 31, 2022, and 2021 and the related statements of operations, members' (deficit), and cash flows for the years ended December 31, 2022, 2021, and for the period from June 19, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renovation Sells Franchising, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and for the period from June 19, 2020 (Inception) through December 31, 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Renovation Sells Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there

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is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Reese CPA LLC

Ft. Collins, Colorado
March 31, 2023

RENOVATION SELLS FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 97,098	$ 7,670
Accounts receivable	130,000	-
Prepaid expenses	11,699	6,750
Deferred franchise costs, current portion	223,392	61,375
TOTAL CURRENT ASSETS	462,189	75,795
NON-CURRENT ASSETS		
Deferred franchise costs, less current portion	1,879,014	573,958
Property and equipment, net	222,659	153,695
Intangible assets, net	38,500	49,000
Right to use assets, net	127,772	-
TOTAL ASSETS	$ 2,730,134	$ 852,448
LIABILITIES AND MEMBERS' (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 22,702	$ 41,667
Accrued expenses	89,984	-
Due to related parties	439,553	321,011
Non-refundable deferred franchise revenue, current portion	277,298	78,250
Lease liability, current	11,882	-
TOTAL CURRENT LIABILITIES	841,419	440,928
NON-CURRENT LIABILITIES		
Non-refundable deferred franchise revenue, less current portion	2,246,694	685,250
Convertible notes payable	1,164,739	-
Line of credit	-	149,611
Lease liability, less current portion	115,890	
TOTAL LIABILITIES	4,368,742	1,275,789
MEMBERS' (DEFICIT)	(1,638,608)	(423,341)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	$ 2,730,134	$ 852,448

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM JUNE 19, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2022	2021	2020
REVENUES			
Royalty revenue	$ 147,764	$ 1,177	$ -
Franchise fees	144,507	11,500	-
Training fees	115,000	35,000	-
TOTAL REVENUES	407,271	47,677	-
OPERATING EXPENSES			
Payroll-related expenses	738,026	109,758	96,245
Franchise-related costs	321,141	83,167	-
General and administrative	187,540	80,451	5,299
Professional fees	152,508	45,968	45,627
Advertising and promotion	151,532	51,980	16,600
Depreciation and amortization	19,092	3,989	-
TOTAL OPERATING EXPENSES	1,569,839	375,313	163,771
OPERATING (LOSS)	(1,162,568)	(327,636)	(163,771)
INTEREST EXPENSE	(47,699)	(1,528)	-
NET (LOSS)	$ (1,210,267)	$ (329,164)	$ (163,771)

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBERS' (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM JUNE 19, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Member Contribution	Retained Earnings	Total Members' (Deficit)
BALANCE, JUNE 19, 2020 (INCEPTION)	$ -	$ -	$ -
Member contribution	91,000	-	91,000
Member distribution	-	(5,000)	(5,000)
Net (loss)	-	(163,771)	(163,771)
BALANCE, DECEMBER 31, 2020	**91,000**	**(168,771)**	**(77,771)**
Member distribution	-	(16,406)	(16,406)
Net (loss)	-	(329,164)	(329,164)
BALANCE, DECEMBER 31, 2021	**91,000**	**(514,341)**	**(423,341)**
Member distribution	-	(5,000)	(5,000)
Net (loss)	-	(1,210,267)	(1,210,267)
BALANCE, DECEMBER 31, 2022	**$ 91,000**	**$ (1,729,608)**	**$ (1,638,608)**

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM JUNE 19, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	$ (1,210,267)	$ (329,164)	$ (163,771)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Depreciation and amortization	19,092	3,989	-
Recognition of deferred costs	121,927	9,667	-
Recognition of deferred revenue	(259,507)	(46,500)	-
Changes in operating assets and liabilities:			
Accounts receivable	(130,000)	-	-
Prepaid expense	(4,949)	(6,750)	-
Deferred franchise costs	(1,589,000)	(645,000)	-
Accounts payable	(18,965)	37,667	4,000
Accrued liabilities	89,984	(16,000)	16,000
Accrued interest on convertible notes payable	39,739	-	-
Due to affiliate	118,542	200,815	120,196
Deferred franchise revenue	2,019,999	810,000	-
Net cash provided by (used in) operating activities	(803,405)	18,724	(23,575)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	-	-	(52,500)
Purchase of property and equipment	(77,556)	(154,184)	-
Net cash used in investing activities	(77,556)	(154,184)	(52,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt	1,125,000	143,400	-
Payments on debt	(149,611)	-	-
Debt issuance costs	-	6,211	-
Member contribution	-	-	91,000
Member distribution	(5,000)	(16,406)	(5,000)
Net cash provided by financing activities	970,389	133,205	86,000
NET (DECREASE) INCREASE IN CASH	89,428	(2,255)	9,925
CASH, BEGINNING	7,670	9,925	-
CASH, ENDING	$ 97,098	$ 7,670	$ 9,925
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ 7,960	$ 1,528	$ -
Cash paid for taxes	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND
FOR THE PERIOD FROM JUNE 19, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2022	2021	2020
SCHEDULE OF NON-CASH ACTIVITIES			
INVESTING ACTIVITIES			
Recogntion of right to use asset	$ (139,075)	$ -	$ -
FINANCING ACTIVITIES	$ 139,075	$ -	$ -
Recogntion of lease liability			

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Renovation Sells Franchising, LLC ("Company") was incorporated on June 19, 2020, (Inception) in the State of Illinois. The Company grants franchises to qualified persons to own and operate a residential and remodeling services business. The business will provide homeowners with on-trend design, materials, and construction services with an emphasis on design that delivers the look that makes the best first impression with buyers, both online and in person, to help sell the customer's home.

Parent and Affiliates

Renovation Sells Holding, LLC ("Parent"), is an Illinois limited liability company that was formed on June 19, 2020, and is the owner of the Company.

Renovation Sells, LLC, is an Illinois limited liability company that was formed on January 22, 2018, and operates one outlet in Chicago, Illinois.

Renovation Sells IP, LLC is an Illinois limited liability company that was formed on July 9, 2020. Renovation Sells IP, LLC owns of the associated design ("Marks") and grants the Company the exclusive right to use the Marks, and license others the right to use the Marks, in the operation of a Renovation Sells outlet.

The Parent and affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of outlets owned and operating for the years ended December 31, 2022, 2021, and for the period ended December 31, 2020:

	2022	2021	2020
Outlets in operation, beginning	8	1	1
Outlets opened	17	7	-
Outlets terminated or closed	-	-	-
Outlets in operation, ending	25	8	1
Franchised outlets	24	7	-
Affiliate owned outlets	1	1	1

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not charge-off any accounts receivable for the years ended December 31, 2022, 2021, and the period from June 19, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Deferred Franchise Costs

Deferred franchise costs consist of commissions paid on the sale of a franchise by the Company. They are capitalized as an incremental cost of the franchise agreement and are recognized as an expense over the life of the franchise agreement under the guidance of ASC 340-40, "Other Assets and Deferred Costs - Contracts with Customers".

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has elected to be taxed as a Partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the years ended December 31, 2022, 2021, and for the period from June 19, 2020 (Inception) through December 31, 2020, for U.S. Federal Income Tax and for the State of Illinois Income Tax.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue mainly consists of franchise fees, training fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees and related costs over the term of the contract, which is currently 10 years from the opening date.

Training fees are recognized when training is complete. Any training fees collected, and not yet recognized, are included in deferred revenue on the balance sheet.

Royalties are 7% of gross revenues, are billed weekly and are recognized as revenue when earned.

Brand Fund Contribution

Contributions to the brand fund are 1% of weekly gross revenue. The Company has reserved the right to increase the brand fund contribution to 2% of weekly gross revenue. Contributions will be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year will be reported as deferred revenue on the balance sheet. The Company did not collect any brand fund contributions for the years ended December 31, 2022, 2021, and during the period from June 19, 2020 (Inception) through December 31, 2020.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021, and for the period from June 19, 2020 (Inception) through December 31, 2020, was $151,532, $51,980, and $16,600, respectively.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded an asset for unrecognized expenses and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

	December 31, 2022	December 31, 2021
Deferred Franchise Costs:		
Balance beginning of year	$ 635,333	$ -
Deferral of franchise costs	1,589,000	645,000
Recognition of deferred franchise costs	(121,927)	(9,667)
Balance at end of year	2,102,406	635,333
Less current portion	223,392	61,375
Deferred franchise costs, long-term portion	$ 1,879,014	$ 573,958
Non-refundable Deferred Franchise Revenue:		
Balance beginning of year	$ 763,500	$ -
Deferral of non-refundable franchise revenue	1,899,999	770,000
Deferral of training revenue	120,000	40,000
Recognition of non-refundable franchise revenue	(144,507)	(11,500)
Recognition of training revenue	(115,000)	(35,000)
Balance at end of year	2,523,992	763,500
Less current portion	277,298	78,250
Non-refundable deferred franchise revenue, long-term portion	$ 2,246,694	$ 685,250

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Estimated Recognition of Deferred Franchise Costs and Revenues

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues as reported at December 31, 2022, is as follows:

	Deferred Franchise Costs	Non-refundable Deferred Franchise Revenue
Year ending December 31:		
2023	$ 223,392	$ 277,298
2024	223,392	267,298
2025	223,392	267,298
2026	223,392	267,298
2027	223,392	267,298
Thereafter	985,446	1,177,502
	$ 2,102,406	$ 2,523,992

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021, and during the period from June 19, 2020 (Inception) through December 31, 2020, is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	$ 262,764	$ -	$ -
Performance obligations satisfied through the passage of time	144,507	1,177	-
Total revenues	$ 407,271	$ 1,177	$ -

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	2022	2021
Furniture and fixtures	$ 52,910	$ 30,505
Leasehold improvements	178,831	123,679
Accumulated depreciation	(9,082)	(489)
	$ 222,659	$ 53,695

Depreciation expense was $8,593, $489 and $0 for the years ended December 31, 2022, 2021, and the period from June 19, 2020 (Inception) through December 31, 2020, respectively.

NOTE 4 – INTANGIBLE ASSETS, NET

Intangible assets, net consists of the following at December 31:

	2022		2021	
Franchise development costs	$	52,500	$	52,500
Accumulated amortization		(14,000)		(3500)
	$	38,500	$	49,000

Amortization expense was $10,500, $3,500, and $0 for the years ended December 31, 2022, 2021, and the period from June 19, 2020 (Inception) through December 31, 2020, respectively. Estimated amortization expense for the next three and a half succeeding years is expected to be approximately $10,500 per year.

NOTE 5 – RIGHT TO USE ASSET AND LEASE LIABILTY

On January 1, 2022, under the guidance of ASC 842 "Leases", the Company recorded a right to use asset and lease liability for the lease of office space from a company owned by one of the members of the Company. As of January 1, 2022, the remaining initial lease term was 54 months, through June 30, 2026, and the renewal term was 60 months, through June 30, 2031. Lease payments for the initial term are $1,500 month. Lease payments during the renewal term are 5% above the initial term rate. The right to use asset and lease were recorded as an operating lease. The right to use asset and lease liability were valued at $139,075 using the monthly lease payments over the initial and renewal term of the lease using a 5% discount rate based on the lessors borrowing rate. Total lease expense recorded for the year ended December 31, 2022, was $18,000 and consisted of right to use asset amortization of $11,303 and interest expense of $6,697.

Future minimum payments of the lease, including the interest component is as follows:

Year ending December 31:		
2023	$	18,000
2024		18,000
2025		18,000
2026		18,450
2027		18,900
Thereafter		66,150
Total	$	157,500

NOTE 6 – LINE OF CREDIT

The Company obtained a revolving line of credit with a credit limit of $200,000 at an interest rate of index plus 2.5% (an effective interest rate of 10% as of December 31, 2022) and maturing on September 9, 2023. The outstanding balance as of December 31, 2022, and 2021was $0 and $149,611.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

During 2022 the Company issued Unsecured Convertible Promissory Notes in the face amount of $1,125,000. The notes bear interest at rate of 10% per annum. The notes mature at various times beginning August 1, 2025, through December 31, 2025. Under the term of the agreement the Company may extend the notes for a period of one year. On the maturity date of each note, the holder of the note may elect to be paid the principal and all unpaid interest in cash or may choose to convert the principal amount and all unpaid interest into Class B membership shares of the Company as defined in the note agreement. The balance of the notes outstanding as of December 31, 2022 was $1,164,739, including accrued interest of $39,739 reported as interest expense in the Statement of Operations for the year ended December 31, 2022.

NOTE 8 – RELATED PARTY TRANSACTIONS

Transactions with the Company's related parties primarily consist of advances from, and operating expenses allocated from, related parties. As of December 31, 2022, and 2021 balances owed to the related parties were $439,553 and $321,011. The amounts are not collateralized, bear no interest and are due on demand.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 8 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 31, 2023, the date on which the financial statements were available to be issued.

RENOVATION SELLS FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2021

RENOVATION SELLS FRANCHISING, LLC
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REESE CPA LLC

Independent Auditor's Report

To the Members
Renovation Sells Franchising, LLC
Chicago, IL

Report on the Financial Statements

We have audited the accompanying balance sheet of Renovation Sells Franchising, LLC as of December 31, 2021, and 2020 and the related statements of operations, members' (deficit), and cash flows for the year ended December 31, 2021, and for the period from June 19, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renovation Sells Franchising, LLC as of December 31, 2021 and 2020 and the results of their operations and their cash flows for the year ended December 31, 2021 and for the period from June 19, 2020 (Inception) through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
April 6, 2022

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

RENOVATION SELLS FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 7,670	$ 9,925
Prepaid expenses	6,750	-
Deferred franchise costs	61,375	-
TOTAL CURRENT ASSETS	75,795	9,925
NON-CURRENT ASSETS		
Deferred franchise costs, less current portion	573,958	-
Property and equipment, net	153,695	-
Intangible assets, net	49,000	52,500
TOTAL ASSETS	$ 852,448	$ 62,425
LIABILITIES AND MEMBERS' (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 41,667	$ 4,000
Accrued expenses	-	16,000
Due to related parties	321,011	120,196
Deferred franchise revenue, net	78,250	-
TOTAL CURRENT LIABILITIES	440,928	140,196
LINE OF CREDIT	149,611	-
NON-CURRENT LIABILITIES		
Deferred franchise revenue, less current portion	685,250	-
TOTAL LIABILITIES	1,275,789	140,196
MEMBERS' (DEFICIT)	(423,341)	(77,771)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	$ 852,448	$ 62,425

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FOR THE PERIOD FROM JUNE 19, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2021	2020
REVENUES		
Royalty revenue	$ 1,177	$ -
Franchise fees	11,500	-
Training fees	35,000	-
TOTAL REVENUES	47,677	-
OPERATING EXPENSES		
Franchise-related costs	83,167	-
Advertising and promotion	51,980	16,600
General and administrative	80,451	5,299
Payroll-related expenses	109,758	96,245
Professional fees	45,968	45,627
Depreciation and amortization	3,989	-
TOTAL OPERATING EXPENSES	375,313	163,771
OPERATING (LOSS)	(327,636)	(163,771)
INTEREST EXPENSE	(1,528)	-
NET (LOSS)	$ (329,164)	$ (163,771)

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENT OF CHANGES IN MEMBERS' (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FOR THE PERIOD FROM JUNE 19, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Member Contribution	Member Distribution	Retained Earnings	Total Members' (Deficit)
BALANCE, JUNE 19, 2020 (INCEPTION)	$ -	$ -	$ -	$ -
Member contribution	91,000	-	-	91,000
Member distribution	-	(5,000)	-	(5,000)
Net (loss)	-	-	(163,771)	(163,771)
BALANCE, DECEMBER 31, 2020	**91,000**	**(5,000)**	**(163,771)**	**(77,771)**
Member contribution	-	-	-	-
Member distribution	-	(16,406)	-	(16,406)
Net (loss)	-	-	(329,164)	(329,164)
BALANCE, DECEMBER 31, 2021	**91,000**	**(21,406)**	**(492,935)**	**(423,341)**

The accompanying notes are an integral part of these financial statements.

RENOVATION SELLS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND
FOR THE PERIOD FROM JUNE 19, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (329,164)	$ (163,771)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,989	-
Recognition of deferred costs	9,667	-
Recognition of deferred revenue	(46,500)	-
Changes in operating assets and liabilities:		
Prepaid expense	(6,750)	-
Deferred franchise costs	(645,000)	-
Accounts payable	37,667	4,000
Accrued liabilities	(16,000)	16,000
Due to affiliate	200,815	120,196
Deferred franchise revenue	810,000	-
Net cash provided by (used in) operating activities	18,724	(23,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(52,500)
Purchase of property and equipment	(154,184)	-
Net cash used in investing activities	(154,184)	(52,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	143,400	-
Debt issuance costs	6,211	-
Member contribution	-	91,000
Member distribution	(16,406)	(5,000)
Net cash provided by financing activities	133,205	86,000
NET (DECREASE) INCREASE IN CASH	(2,255)	9,925
CASH, BEGINNING	9,925	-
CASH, ENDING	$ 7,670	$ 9,925
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 1,528	$ -
Cash paid for taxes	$ -	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Renovation Sells Franchising, LLC ("Company") was incorporated on June 19, 2020, (Inception) in the State of Illinois. The Company grants franchises to qualified persons to own and operate a residential and remodeling services business. The business will provide homeowners with on-trend design, materials, and construction services with an emphasis on design that delivers the look that makes the best first impression with buyers, both online and in person, to help sell the customer's home.

Parent and Affiliates

Renovation Sells Holding, LLC ("Parent"), is an Illinois limited liability company that was formed on June 19, 2020, and is the owner of the Company.

Renovation Sells, LLC, is an Illinois limited liability company that was formed on January 22, 2018, and operates one outlet in Chicago, Illinois.

Renovation Sells IP, LLC is an Illinois limited liability company that was formed on July 9, 2020. Renovation Sells IP, LLC owns of the associated design ("Marks") and grants the Company the exclusive right to use the Marks, and license others the right to use the Marks, in the operation of a Renovation Sells outlet.

The Parent and affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of outlets owned and operating for the year ended December 31, 2021, and for the period ended December 31:

	2021	2020
Outlets in operation, beginning	1	1
Outlets opened	7	-
Outlets terminated or closed	-	-
Outlets in operation, ending	8	1
Franchised outlets	7	-
Affiliate owned outlets	1	1

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

A summary of significant accounting policies follows:

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021, and 2020.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not charge-off any accounts receivable for the year ended December 31, 2021, and during the period from June 19, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2021, and 2020.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Income Taxes

The Company has elected to be taxed as a Partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the year ended December 31, 2021, and for the period from June 19, 2020 (Inception) through December 31, 2020, for U.S. Federal Income Tax and for the State of Illinois Income Tax.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue mainly consists of franchise fees, training fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees and related costs over the term of the contract which is currently 10 years from the opening date.

Training fees are recognized when training is complete. Any training fees collected, and not yet recognized, are included in deferred revenue on the balance sheet.

Royalties are 7% of gross revenues, are billed weekly and are recognized as revenue when earned.

Brand Fund Contribution

Contributions to the brand fund are 1% of weekly gross revenue. The Company has reserved the right to increase the brand fund contribution to 2% of weekly gross revenue. Contributions will be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year will be reported as deferred revenue on the balance sheet. The Company did not collect any brand fund contributions for the year ended December 31, 2021, and during the period from June 19, 2020 (Inception) through December 31, 2020.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2021, and for the period from June 19, 2020 (Inception) through December 31, 2020, was $51,980 and $16,600, respectively.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded an asset for unrecognized expenses and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

		December 31, 2021
Deferred Franchise Costs:		
Balance at beginning of year	$	-
Deferral of franchise acquisition costs		645,000
Recognition of franchise-related costs		(6,667)
Balance at end of year	$	635,333
Less: Current portion		61,375
Deferred franchise costs, long term portion	$	573,958
Deferred Franchise Revenue:		
Balance at beginning of year	$	-
Deferral of franchise revenue		770,000
Deferral of training revenue		40,000
Recognition of franchise revenue		(11,500)
Recognition of training revenue		(35,000)
Balance at end of year	$	763,500
Less: Current portion		78,250
Deferred franchise revenue, long term portion	$	685,250

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Estimated Recognition of Deferred Franchise Costs and Revenues

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues as reported at December 31, 2021, is as follows:

	Costs	Revenues
Year ending December 31:		
2022	$ 61,135	$ 78,250
2023	64,500	77,000
2024	64,500	77,000
2025	64,500	77,000
2026	64,500	77,000
Thereafter	315,958	377,250
	$ 635,333	$ 763,500

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the year ended December 31, 2021, is as follows:

Performance obligations satisfied at a point in time	$ 36,177
Performance obligations satisfied through the passage of time	11,500
Total revenues	$ 47,677

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	2021	2020
Furniture and fixtures	$ 30,505	$ -
Leasehold improvements	123,679	-
Accumulated depreciation	(489)	-
	$ 53,695	$ -

Depreciation expense was $489 and $0 for the year ended December 31, 2021, and the period from June 19, 2020 (Inception) through December 31, 2020, respectively.

NOTE 4 – INTANGIBLE ASSETS, NET

Intangible assets, net consists of the following at December 31:

	2021	2020
Franchise development costs	$ 52,500	$ 52,500
Accumulated amortization	(3,500)	-
	$ 49,000	$ 52,500

Amortization expense was $3,500 and $0 for the year ended December 31, 2021, and the period from June 19, 2020 (Inception) through December 31, 2020, respectively. Estimated amortization expense for the next four and a half succeeding years is expected to be approximately $10,500 per year.

NOTE 5 – RELATED PARTY TRANSACTIONS

Due to affiliate consists of the following at December 31:

	2021	2020
Due to Renovation Sells, LLC	$ 324,896	$ 121,196
Due from Canalport	(2,885)	-
Due from Renovation Sells IP, LLC	(1,000)	(1,000)
	$ 21,011	$ 120,196

The Company utilized marketing and advertising services from two members of the Parent during the period from June 19, 2020 (Inception) through December 31, 2020. These services were paid for by Renovation Sells, LLC and as such, $0 and $55,825 is included in amounts due to affiliate on the accompanying balance sheet as of December 31, 2021, and 2020.

NOTE 6 – LINE OF CREDIT

The Company obtained a revolving line of credit with a credit limit of $200,000 at an interest rate of index plus 2.5% (an effective interest rate of 5.75% as of December 31, 2021) and maturing on September 9, 2023. The outstanding balance at December 31, 2021, consists of:

Cash advances	$ 143,000
Debt issuance costs	6,211
	$ 149,611

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 8 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 6, 2022, the date on which the financial statements were available to be issued.

EXHIBIT D

RENOVATION SELLS OPERATIONS MANUAL

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EXHIBIT E

FRANCHISED OUTLETS

FRANCHISED OUTLETS AS OF DECEMBER 31, 2023

Franchisee	Address	City/State	Email
Jason Maier	14641 Tango Loop	Parker, CO 80134	jason@renovationsells.com
Jason Maier	14641 Tango Loop	Parker, CO 80134	jason@renovationsells.com
Jason Maier	14641 Tango Loop	Parker, CO 80134	jason@renovationsells.com
Limor & Sammy Kolt	5370 Hampstead Way	Johns Creek, GA 30097	limor@renovationsells.com
Limor & Sammy Kolt	5370 Hampstead Way	Johns Creek, GA 30097	limor@renovationsells.com
Ryan LeBrun	878 Millcreek Circle	Egan, IL 60123	ryan@renovationsells.com
Ryan LeBrun	878 Millcreek Circle	Egan, IL 60123	ryan@renovationsells.com
William Allen	2026 Providence Road	Charlotte, NC 28211	will@renovationsells.com
William Allen	2026 Providence Road	Charlotte, NC 28211	will@renovationsells.com
William Allen	2026 Providence Road	Charlotte, NC 28211	will@renovationsells.com
Scott & Rachel Migli	5 Seahorse Court	Isle of Palms, SC 29451	scott@renovationsells.com
Scott & Rachel Migli	5 Seahorse Court	Isle of Palms, SC 29451	scott@renovationsells.com
Thomas Nicoletti	19727 Chaparral Berry Drive	Cypress, TX 77433	thomas@renovationsells.com
Thomas Nicoletti	19727 Chaparral Berry Drive	Cypress, TX 77433	thomas@renovationsells.com
Thomas Nicoletti	19727 Chaparral Berry Drive	Cypress, TX 77433	thomas@renovationsells.com
Sarah Drawert	401 Monte Vista Drive	Dallas, TX 75223	sarah@renovationsells.com

FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT YET OPEN AS OF DECEMBER 31, 2023

Franchisee	City/State	Email
Byron Stewart	The Woodlands NE Houston, TX	byron@renovationsells.com
Byron Stewart	The Woodlands NE Houston, TX	byron@renovationsells.com

EXHIBIT F

GENERAL RELEASE

This release (the “Release”) is given this day of ______________________ by __________________ ______________, a(n) _________________, with its principal place of business located at______________ ______________________________ (“Franchisee”) and ____________________‘s principals ___________ _______________, an individual residing at _______________________________________and (“Principal(s)”).

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless Renovation Sells Franchising, LLC (“Franchisor”), Renovation Sells IP, LLC, Renovation Sells Holding, LLC, Renovation Sells, LLC, MV Construction, LLC, parent company, affiliates, and each of their respective officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated __________________________ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of ______________________ by:

FRANCHISEE:	PRINCIPAL:
____________________________________	______________________________
By:_________________________________	______________________________ (Print Name)
______________________,______________ (Print Name, Title)	PRINCIPAL:
	______________________________
	______________________________ (Print Name)

*Not for use in California or Maryland

Do not sign the Acknowledgment Statement if you are a resident of Maryland or the business is to be operated in Maryland

EXHIBIT G

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

______
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

______
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

______
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into

this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

______
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

______
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

______
Initial

7. Franchisee acknowledges that it has received the Renovation Sells Franchising, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

______
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

______
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

______
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's

obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE RENOVATION SELLS FRANCHISING, LLC, RENOVATION SELLS HOLDINGS, LLC, RENOVATION SELLS, LLC, MV CONSTRUCTION, LLC, AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

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Initial

FRANCHISEE:	PRINCIPAL:
____________________________	____________________________
By:________________________	____________________________ (Print Name)
_____________,_____________ (Print Name, Title)	Date: ______________________
Date:______________________	

EXHIBIT H

STATE ADDENDA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

1. 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 DISCLOSURE DOCUMENT.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

3. Item 3 is amended to add:

   Neither Franchisor nor any person described in Item 2 of the Disclosure Document 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. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a fee deferral.

5. Item 5 is amended to state:

   Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

   For area development offerings, the portion of the fee attributable to an individual outlet in the development schedule is deferred until after all of franchisor's initial obligations are complete and that outlet is open for business.

6. Item 17 is amended to state:

   (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

   (b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(c) The Franchise Agreement requires application of the laws of Illinois. This provision may not be enforceable under California law.

[Remainder of Page Intentionally Blank]

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

The Illinois Attorney General requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the “Act”).

(a) Illinois law shall govern the Agreement(s).

(b) To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control.

(c) 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 outside of Illinois.

(d) Any condition, stipulation, or provision purporting to bind a franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent a franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

(e) We will defer collection of the Initial Franchise and Development Fees until we have satisfied our pre-opening obligations to you, and you have commenced business operations. The Illinois Attorney General’s Office imposed this deferral requirement due to our financial condition.

“Commercial Accounts" that conduct business regionally and nationally, exist in this franchise system. The Franchisor reserves the right to negotiate with and service Commercial Accounts. The Franchisor is under no obligation to offer you the opportunity to service a Commercial Account even if it is located in your territory. You will receive no compensation for a Commercial Account that is serviced in your territory.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

AMENDMENT TO THE RENOVATION SELLS FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the "Act"), which govern the attached Renovation Sells Franchise Agreement (the "Franchise Agreement"), the parties thereto agree as follows:

1. Illinois law shall govern the agreements.

2. To the extent of any inconsistences, the Franchise Agreement is hereby amended to further state:

> "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."

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

> "Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

> Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.
>
> Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, and the compensation requirements thereunder.

5. Section 6.1.1 of the Franchise Agreement is hereby amended to state that Franchisor shall defer collection of the Initial Franchise Fee until Franchisor has satisfied its pre-opening obligations to Franchisee, and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

6. "Commercial Accounts" that conduct business regionally and nationally, exist in this franchise system. The Franchisor reserves the right to negotiate with and service Commercial Accounts. The Franchisor is under no obligation to offer you the opportunity to

service a Commercial Account even if it is located in your territory. You will receive no compensation for a Commercial Account that is serviced in your territory.

7. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

RENOVATION SELLS FRANCHISING LLC

By:____

Michael Valente, CEO
(Print Name, Title)

FRANCHISEE:

____

By:____

________________________, __________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE LAW AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the "Acts"). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee's written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

1. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.).

(d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

2. 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.

3. Item 5 of the Disclosure Document is hereby amended to state the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

AMENDMENT TO THE RENOVATION SELLS FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Renovation Sells Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee's assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:

> "Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.)."

3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:

> "Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland."

4. To the extent of any inconsistencies, Section 20.8 of the Franchise Agreement is hereby amended to further state:

> "Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise."

5. The Franchisee Agreement is hereby amended to state the following:

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

6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration

and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Renovation Sells Franchising, LLC

By:____________________________________

__________________, ______________________
(Print Name, Title)

FRANCHISEE:

____

By:____________________________________

________________________, __________________
(Print Name, Title)

PRINCIPAL:

____

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Items 5 and 7 are hereby supplemented with the following:

   Franchisor will defer collection of all initial fees until Franchisor has fulfilled its pre-opening obligations and franchisee is open for business.

2. Item 6, Non-Sufficient Funds Fee, is amended to state:

   Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is $30.00 per occurrence.

3. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Franchised Business.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may <u>seek</u> injunctive relief. See Minnesota Rules 2860.4400(J),

AMENDMENT TO THE
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached Renovation Sells Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee's assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Article 5 of the Franchise Agreement is hereby amended to state:

   "Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days notice for non-renewal of the Franchise Agreement."

3. Section 6.1.1 of the Franchise Agreement is hereby amended to state that Franchisor shall defer collection of the Initial Franchise Fee until Franchisor has satisfied its pre-opening obligations to Franchisee, and Franchisee has commenced business operations.

4. To the extent of any inconsistencies, Section 6.6 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars ($30.00) per occurrence.

5. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

   "Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)".

6. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

   "Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee's rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief."

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

RENOVATION SELLS FRANCHISING, LLC

By:______________________________________

________________________,_________________
(Print Name, Title)

FRANCHISEE:

____

By:______________________________________

________________________,_________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months’ advance notice of franchisor’s intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor’s then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 335-7567

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK RIDER TO
FRANCHISE AGREEMENT

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK ("Rider") is entered into by and between Renovation Sells Franchising, LLC, an Illinois limited liability company, with its principal office at 2370 N. Elston Avenue, Chicago, Illinois 60614 ("we," "us" or "our") and ____ ________________ ("you" or "your"), whose principal business address is __________ ____.

WHEREAS, we and you have entered into a certain Franchise Agreement dated ____________________________ which grants you the right to operate a Renovation Sells franchise (the "Franchise Agreement");

WHEREAS, you are domiciled in New York and the Renovation Sells franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 5.2.5 and 16.3.6 of the Franchise Agreement are amended by adding the following language to each Section:

> However, to the extent required by applicable law, notwithstanding the signing of a General Release, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force.

2. Section 16.1.1 of the Franchise Agreement is amended by adding the following language to this Section:

> However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment.

3. Section 20.3 of the Franchise Agreement is amended by adding the following

language:

> New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

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The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

RENOVATION SELLS FRANCHISING, LLC

By:____

Michael Valente, CEO
(Print Name, Title)

FRANCHISEE:

____

By:____

______________________, __________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

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

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

Effective Date: _____________

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of ______________.

[FRANCHISOR]

By:____________________________________
Name:__________________________________
Title:___________________________________

FRANCHISEE:

____

DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Area Development Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Article 2.2 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 17.3 of the Franchise Agreement and Article 8.3 of the Area Development Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document, Article 16 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Articles 25.2 and 25.3 of the Franchise Agreement and Article 14 of the Area Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 25.6 of the Franchise Agreement and Article 14 of the Area Development Agreement which require jurisdiction of courts in the State of Florida are deleted.

6. Item 17(w) of the Disclosure Document, Article 25.1of the Franchise Agreement and Article 14 of the Area Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 25.6 of the Franchise Agreement and Article 14.6 of the Area Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 25.4 of the Franchise Agreement and Article 14 of the Area Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

10. In the State of North Dakota only, we will defer the payment of the initial franchise fee**,** development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following statement is added to Item 5:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

The following statements are added to Item 17.h.

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM TO THE
FRANCHISE AGREEMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

To the extent of any inconsistencies, Section 6.1.1 of the Franchise Agreement is hereby amended to state:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

The parties hereto have duly executed this Virginia Addendum to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

RENOVATION SELLS FRANCHISING, LLC

By:____

Michael Valente, CEO
(Print Name, Title)

FRANCHISEE:

____

By:____

_________________________, __________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

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.

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.

The following Risk Factor is added to the Franchise Disclosure Document:

Use of Franchise Brokers. The franchisor 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. Do not rely only on the 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.

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AMENDMENT TO THE
RENOVATION SELLS FRANCHISING, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

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.
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.

With regard to Section 6.1.1 of the Franchise Agreement, the following language is added:
For Franchisees established in the State of Washington, Franchisor shall defer the collection of the Initial Franchise Fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

With regard to Exhibit 9 to the Franchise Agreement, the following language is added:
This General Release does not apply to claims that arise under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220.

The parties hereto have duly executed this Washington Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Renovation Sells Franchising, LLC

By:______________________________________

Michael Valente, CEO
(Print Name, Title)

FRANCHISEE:

____

By:______________________________________

______________________, ________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	PENDING
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
Rhode Island	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

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

EXHIBIT I

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Renovation Sells Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Renovation Sells Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Michael Valente 2370 N. Elston Avenue Chicago, IL 60614 773-217-0581	Amanda Valente 2370 N. Elston Avenue Chicago, IL 60614 773-217-0581	Brand ONE Franchise Development 15716 Eagleview Drive Charlotte, NC 28278 704-577-5302

Issuance Date: April 30, 2024

I received a Disclosure Document dated __________, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement with Attachments 1 – 8
EXHIBIT C: Financial Statements of Renovation Sells Franchising, LLC
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Outlets as of the date of this Disclosure Document
EXHIBIT F: General Release
EXHIBIT G: Franchisee Acknowledgement Statement
EXHIBIT H: State Addenda
EXHIBIT I: Receipt

Date Received: _______________________
(If other than date signed)

DATE:_______________________________________

Print Name:_______________________________

Print Address: _____________________________

City, State: _______________________________

____
(Signature of recipient)

Please return signed receipt to Renovation Sells Franchising, LLC,
2370 N. Elston Avenue
Chicago, IL 60614

EXHIBIT I

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Renovation Sells Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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If Renovation Sells Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Michael Valente 2370 N. Elston Avenue Chicago, IL 60614 773-217-0581	Amanda Valente 2370 N. Elston Avenue Chicago, IL 60614 773-217-0581	Brand ONE Franchise Development 15716 Eagleview Drive Charlotte, NC 28278 704-577-5302

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EXHIBIT I: Receipt

Date Received: _______________________
(If other than date signed)

DATE:_______________________________________

Print Name:_______________________________

Print Address: _____________________________

City, State: _______________________________

____
(Signature of recipient)

KEEP FOR YOUR RECORDS