



FRANCHISE DISCLOSURE DOCUMENT

OUR TOWN AMERICA, A FRANCHISING CORPORATION

A Florida corporation

13900 US 19 N

Clearwater, Florida 33764

(727) 345-0811

www.ourtownamerica.com

The franchise offered is for the operation of a business under the *Our Town America* logo that sells to local businesses personalized direct mail marketing services and products, including post cards and digital advertising, that promote the businesses' services and products to certain consumers.

The total investment necessary to begin operation of an Our Town America unit franchise is \$64,399 to \$87,709. This includes \$47,950 that must be paid to the franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Our Town America, A Franchising Corporation, at the address and telephone number above.

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

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

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 Addend (if any). See the Table of Contents for the location of the State Specific Addenda.

Special Risk(s) to Consider About *This* Franchise

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

- (1) **Out-of-State Dispute Resolution**. The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and litigation only in Florida. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate and litigate with the franchisor in Florida than in your own state.
- (2) **Sales Performance Required**. 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 your franchise, and loss of your investment.

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

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in 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 franchisees.
- (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 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 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 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) The 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 franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48909, telephone: (517) 373-7117.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is OUR TOWN AMERICA, A FRANCHISING CORPORATION, referred to as “we,” “us,” or “our.” We also do business under the name, “*Our Town America*.” “You” means a person who buys a franchise from us. If you are a corporation, partnership or other entity, the provisions of our Franchise Agreement and any other agreements with us or our affiliate will also apply to your owners by virtue of the Owners Guaranty your owners sign as a condition to the grant of a franchise.

We are a Florida corporation, incorporated on August 2, 2004. We do not have a parent company. Our principal business address is 13900 US 19 N, Clearwater, Florida 33764. Our agents for service of process are disclosed in Exhibit J.

We offer two types of franchises, unit franchises and regional development franchises. The regional development franchise is offered under a separate disclosure document. Unit franchisees operate franchised businesses under the *Our Town America* logo that offer high quality, personalized direct mail marketing services and products that promote local businesses for distribution to individuals and families that have indicated a change of address within the local community. These franchisees will solicit local businesses and sell them monthly direct mail marketing, including post cards and digital media, that is produced and distributed exclusively by us

Regional developers (also known as area representatives) are granted the right to refer prospective unit franchise owners to us to determine their qualifications and suitability to become a unit franchisee. The regional developer must also provide certain support to our unit franchise owners. We do not grant regional developers any management responsibility relating to the sale or operation of franchises. As of December 31, 2023, we had 5 regional developers.

We began offering franchises under the *Our Town* logo in December 2004 and in 2014 transitioned to the *Our Town America* logo. Except for the regional development franchises discussed above, we do not offer and have not previously offered franchises in any other line of business. Beginning in January 2011 we began servicing various corporate accounts by providing them with certain direct mail marketing services. Other than this, and the production services we offer disclosed below, we are not engaged in any other line of business.

Other than OTI, we do not have any predecessors or affiliates. OTI’s address is the same as ours. OTI operates a direct mail marketing sales, production and distribution facility that produces and coordinates the monthly mailing of envelopes containing customers’ gift certificates or other promotional materials. These envelopes are sent to residents of the customers’ community who have recently indicated a change of address, as determined by OTI’s tracking system. From 1972 to January 1997, these services were performed by the prior owner of OTI. Beginning in 1997, OTI offered licenses for independent dealers to market *Our Town*TM products and services. OTI no longer offers licenses for independent dealers. OTI does not and has not previously offered franchises in any line of business. Through 2011, it did offer and sell production services. In 2012 we began selling these services, although OTI also still provides these services.

You will offer your services to local businesses interested in advertising their business to new residents and other people who have indicated a changed address.

We are one of a number of franchisors and one of many businesses in this industry. As a franchisee, you will likely face competition from established, general distribution national direct mail

marketing businesses and those targeting specific recipients such as recently moved households. These direct mail marketing businesses and similar businesses may be associated with national or regional chains or may be local independent operators and other businesses. You will also compete with local welcoming organizations in the solicitation of local businesses marketing to recently moved households as well as businesses who perform marketing activities internally. The market for direct mail marketing businesses is generally well developed.

You must comply with all laws, rules and regulations governing the operation of businesses in general. For example, you must comply with all local, state and federal, privacy, health and sanitation laws as well as workers' compensation, and workplace laws and regulations, including Title VII, and the ADA. You must obtain all permits and licenses necessary to operate the franchised business.

ITEM 2

BUSINESS EXPERIENCE

President: Michael Plummer, Jr.

Mr. Plummer has been our acting President and the acting President of OTI since October 2009.

Chief Financial Officer: Cliff Hallmark

Mr. Hallmark has been our Chief Financial officer since January 2009.

ITEM 3

LITIGATION

In the Matter of Our Town America, a Franchising Corporation (Case No. 2006-0686, February 23, 2007). This matter arose out of the sale of a franchise in Maryland after our registration in Maryland expired. We were initially registered to sell franchises in the State of Maryland in 2005, which registration was conditioned upon our deposit of all initial fees we received from Maryland franchisees into an escrow account until our initial obligations under the Franchise Agreement had been satisfied. Our 2005 registration expired on September 7, 2006. On the same date we accepted a check for \$15,000 from a prospect. We did not place that amount into the escrow. However, we did give the prospect a franchise disclosure document but that franchise disclosure document did not reference the escrow account. We were investigated by the State of Maryland with respect to this sale. We entered into a Consent Order with the State of Maryland under which we were required to register our franchise disclosure document in the State of Maryland, provide a copy of that document to the franchisee in Maryland who we had taken the \$15,000 check from, provide that franchisee an opportunity to rescind his Franchise Agreement, and enroll an officer of ours responsible for franchise compliance in a franchise law compliance program approved by Maryland. The franchise sale was rescinded and we refunded all monies paid to the franchisee.

Other than this action, no litigation must be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee is \$47,500. You must pay the Initial Franchise Fee in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned when paid and is nonrefundable except as described below. If you and we agree that you will open and operate any additional unit franchises under the *Our Town America* logo, we will reduce the Initial Franchise Fee for these additional franchises to \$25,000.

If we determine that you or your manager are unable to complete to our satisfaction our Initial Training Program we can terminate the Franchise Agreement. We will refund one-half of the Initial Franchise Fee to you if you sign a general release releasing us from all liability.

We will sell to you a starter kit containing envelopes, supplies, form agreements, presentation materials, including marketing materials, and other items you will use in the start-up of your *Our Town America* business. The price for the Starter Kit is approximately \$450 and must be paid at the time we deliver the *Our Town America* Starter Kit to you. It is nonrefundable.

We have a Veteran's program that offers a reduced Initial Franchise Fee to veterans who received an honorable discharge from a branch of the United States military. If you qualify for this discount, we will reduce the Initial Franchise Fee by \$10,000. This reduction only applies to a franchise agreement you enter into with us during the time we offer this program. We may modify or terminate this program at any time, but no modification or termination will affect any franchise agreement you sign during the time the program is offered.

ITEM 6

OTHER FEES

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee	The greater of 5% of Gross Monthly Sales ⁽²⁾ or the Minimum Monthly Royalty Fee ⁽³⁾	First day of each month for that month	Obligation begins the first day of the month after the month in which you begin operation. See definition of Gross Monthly Sales below.
Advertising Materials	The cost varies depending upon the item. Items are sold in specific quantities. Quantities and costs for items range from 1 to 500 and from \$1.50 to \$75	Upon receipt of an invoice for the materials	We will sell you advertising materials you can use to solicit customers, including forms for customers to order services from you.
Product Purchases	Varies according to your sales, typically between \$1,500 to \$330,000	Monthly, upon receipt of an invoice for the items	We charge you for the production and distribution of the direct mail marketing pieces either via U.S. mail or digitally.
Marketing Fund Contribution	1% of Gross Monthly Sales	First day of each month for that month	
Additional Zip Code Fee	Currently \$12.50 per new mover in the additional zip codes	At the time we grant you the right to operate your business in the additional zip codes	This fee is only due if you want to purchase additional zip codes to expand your Market Area. We will determine the number of new movers in the zip codes that you would like to purchase based upon historical data that we maintain.
Audit Expenses	All costs and expenses associated with audit	Upon demand	Audit costs payable if the audit shows an understatement in amounts due of 3% or more or you fail to provide financial information or the information provided is inaccurate.
Late Fees ⁽⁴⁾	18% per year or the highest rate allowed by law, whichever is less, plus 5% of the amount due	Upon demand	Applies to all overdue amounts due to us and to any understatement in amounts due revealed by an audit.
Trade Account Delinquency Payment	Amount we pay on your behalf	Upon receipt of an invoice	You must reimburse us if you fail to pay your trade accounts or taxes and we pay them for you.
Transfer Fee	\$6,500	At the time of transfer	Payable when you sell your business. You will also sign our Resale Agreement at that time. This Agreement is attached to this Disclosure Document as Exhibit C.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Renewal Fee	\$2,500	Upon renewal	Only payable if we renew your franchise.
Customer Service	All costs incurred in assisting your customers	Upon demand	You must reimburse us if we determine it is necessary for us to provide service directly to your customers.
Sponsor Service Fee	\$30.50 per initial sponsor order plus \$3.00 per month per sponsor	Upon receipt of an invoice	This is an optional service to assist in managing your sponsors (billed monthly based on volume).
Appointment Setting Services Fee	\$350 per month for 40 hours of calling plus \$100.00 for each appointment sold	Upon receipt of an invoice	This is an optional service (billed monthly based on volume).
Additional Training	Currently, \$250 per day, plus our expenses	Before the training	You pay for additional training if you request it and we agree to provide it or if we require it because you are not in compliance with your Franchise Agreement.
Convention Fee	Currently \$350 per person	Before the convention	You must pay this fee even if you do not attend the convention.
Additional Operations Assistance	Market rates; currently, \$250 per day, plus our expenses	Before we provide the assistance	We provide approximately 6 days of assistance around the beginning of operations. You pay for additional assistance if you request it.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are sued or held liable for claims arising from your business operations.
Attorneys' Fees and Legal Expenses	Will vary under circumstances	Upon demand	If we are successful in any legal action or arbitration we bring against you or in defending a claim you bring against us.

1. Unless otherwise noted, all fees are imposed by and payable to us. All fees are non-refundable, except as provided in Item 5. None of these fees are imposed by a cooperative. We currently intend to impose these fees uniformly on our franchisees. We may change the stated fees based upon changes in market conditions, our cost of providing services and future policy changes. We can collect all of these amounts by electronic funds transfer or direct debit.

2. "Gross Monthly Sales" means the aggregate of all revenue derived per monthly reporting period from the sale of products and services from all sources in connection with your business operated under the *Our Town America* logo whether or not collected by you and whether for check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, as determined by us; (b) any sales and equivalent taxes collected by you and paid to any governmental taxing authority; and (c) the value of any allowance issued or granted to any customer of your business that is credited by you in full or partial satisfaction of the price of any products and services sold to the customer.

The production cycle for a mailing in one month begins in the immediately prior month. For example, for a May mailing, we need all information by no later than April 5 to produce the items for the May mailing. The items to be mailed then begin to be produced on or around April 15. We would then invoice you on or around April 27 for the production services, including mailing, for the May mailing. Your payments to us are

due by May 1 even though the actual mailing would not be completed until later in May. Other than the date by which you must make payment, the other dates in this example may change as we specify. But these dates are typical of the critical dates in the cycle.

3. Beginning the first calendar month after you begin operating your franchised business, you must pay the greater of (a) 5% of your Gross Monthly Sales, or (b) a minimum Royalty Fee in each calendar month of each term year according to the chart below. Any Royalty Fee payment beyond the Minimum Monthly Royalty Fee for a calendar month will not be applied to the Royalty Fees for the following calendar month.

Term Year	Minimum Monthly Royalty Fee
Year 1	\$ 83
Year 2	\$ 229
Year 3	\$ 291
Year 4	\$ 358
Year 5	\$ 458
Year 6	\$ 562
Year 7	\$ 708
Year 8	\$ 875
Year 9	\$ 1,104
Year 10	\$ 1,375

4. The highest interest rate allowed by law in California is currently 10% annually.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount (Low / High)	Method of Payment	When Due	To Whom Payment Is Made
Initial Franchise Fee ⁽¹⁾	\$47,500	Lump Sum	Payable upon signing Franchise Agreement	Us
Real Estate/Rent ⁽²⁾	\$0 - \$450	As Arranged	Before beginning business operations	Lessor
Leasehold Improvements ⁽³⁾	\$0 - \$300	Lump Sum	As incurred	Third Parties
Equipment and Supplies ⁽⁴⁾	\$600 - \$4,460	Lump Sum	As Incurred, but Prior to Opening	Suppliers
Starter Kit	\$450	Lump Sum	Before Beginning Business Operations	Us
Software	\$549	Lump Sum	Before Beginning Business Operations	Suppliers
Vehicle Lease Payments ⁽⁵⁾	\$0 - \$700	Varies	As Incurred, but Prior to Opening	Third Parties
Insurance ⁽⁶⁾	\$250 - \$750	As Arranged	As Incurred	Suppliers

Type of Expenditure	Estimated Amount (Low / High)	Method of Payment	When Due	To Whom Payment Is Made
Training Expenses ⁽⁷⁾	\$1,800 - \$4,000	As Incurred	As Incurred, but Prior to Opening	Third Parties
Legal and Accounting ⁽⁸⁾	\$1,000 - \$2,500	Varies	As Incurred	Third Parties
Miscellaneous ⁽⁹⁾	\$250 - \$1,050	As Arranged	As Incurred, but Prior to Opening	Suppliers
Additional Funds – 3 months ⁽¹⁰⁾	\$12,000 - \$25,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽¹¹⁾	\$64,399 - \$87,709			

1. Initial Franchise Fee. The Initial Franchise Fee is \$47,500. All payments made to us must be made by electronic funds transfer or direct debit as we specify. All of these payments are nonrefundable other than the Initial Franchise Fee under certain circumstances. See Item 5 for more information.

2. Real Estate / Rent. We anticipate you will operate your *Our Town America* business out of your home, so we have not included a security deposit in the low estimate. Most services are performed in whole or in part at customer or public locations. However, you may need to obtain commercial office space for various reasons, including if you are prohibited by local law from operating a business out of your residence. The amount of space needed is generally no more than 100 square feet. The high estimate assumes a security deposit for this space.

3. Leasehold Improvements. The low estimate assumes you operate from your home and make no capital improvements. If you rent an office, you may need or choose to make renovations. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs.

4. Equipment and Supplies. You must purchase general office supplies including computer equipment and software, stationery, business cards and other typical office equipment such as a facsimile machine. All of these items must meet our standards. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of your business, suppliers and other factors. You may already have many of these items available to you. The low range of this estimate assumes that you already have many of these items. The high range assumes you purchase them along with a computer. These ranges assume you will use the items in the starter kit you purchase to initially obtain sponsors and that you will not need to purchase any advertising materials in the start-up phase of your business.

5. Vehicle Lease Payments. We assume that you will already have a suitable vehicle meeting our standards; generally a 2 or 4 door compact car. The cost to purchase or lease a new or used vehicle may vary widely, depending on taste, options and manufacturer. Our low estimate assumes you use your existing vehicle. Our high estimate assumes that you will lease a luxury car. If you chose to purchase a vehicle or lease a more expensive vehicle, your costs could dramatically increase.

6. Insurance. You must obtain insurance that meets our minimum standards. We currently require you to carry comprehensive general liability insurance (in the amount of \$1,000,000), automobile liability insurance, including owned, hired, and no-owned vehicle coverage (with a combined single limit of \$1,000,000), worker's compensation and employer's liability insurance, as well as any other such insurance required by state law (\$100,000 minimum limit or amounts required by state law), all risks coverage insurance on the business, all fixtures, equipment, supplies, used in

the operation of the business, and any additional insurance and types of coverage as may be required by the terms of your lease, if any, or that we may require from time to time. Insurance premiums are generally due annually.

7. Training Expenses. You are responsible for all travel and living expenses while attending our initial training program. If we designate initial training at a location other than at our offices, we will charge you for our travel expenses to and from this initial training (e.g., airfare). The low estimate assumes you attend training alone. The high estimate assumes you and another person attend training. Each estimate assumes discounted airline ticket(s), and the trainee(s) stay in a moderately priced hotel. Depending upon the distance you must travel, the accommodations you select, and your standard of living, travel and living expenses while training will vary. This estimate does not include any additional initial training or any additional, refresher or periodic training.

8. Legal & Accounting. You may choose to hire an attorney to review your franchise documents, or to form your business. You may wish to retain an accountant to assist with your bookkeeping and financial matters.

9. Miscellaneous. You will likely incur various miscellaneous fees and costs for things such as business licenses and dues for joining local business organizations such as your local chamber of commerce.

10. Additional Funds. This amount is an estimate of your initial start-up expenses for the first 3 months of operation and includes the Minimum Monthly Royalty Fee for the initial 3 months of operation. The high estimate includes monthly rent for 100 square feet of office space at \$14.50 per square foot. Both estimates include transportation costs, utilities, operating expenses and other miscellaneous expenses. However, they do not include payroll costs or any salary for you or other owners. We cannot guarantee that our estimates will be sufficient and additional working capital may be required. This item estimates your miscellaneous operating costs and other initial start-up expenses. It does not include the cost to purchase our proprietary direct marketing products, but if you have sponsors during the initial 3 months, you will need to purchase these products. We relied on our operating experience in working with franchisees to open their businesses to compile these estimates.

11. Total Investment. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these figures carefully with a business advisor before making any decision to purchase an *Our Town America* franchise. We do not offer financing directly or indirectly for any part of the initial investment for your business. The availability and terms of financing will depend on factors like the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan. Our estimates do not include any finance charges, interest or debt service obligations, nor do they assume that we or a third party have financed any of your initial investment. You should have additional funds available to you to fund your operations.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Us or Our Affiliate

Other than the *Our Town America* Starter Kit, sponsor advertisement pieces and envelopes, including any samples, and production services, including mailing, you are not required to currently purchase any goods or services from us. We do not expect to approve another source of supply for these items. No officer of ours owns any interest in any approved supplier, other than our affiliate. We and our affiliates expect to earn a profit on any goods or services we or our affiliates sell to you. We may also

only approve a sole source of supply for certain items. That sole source of supply may be a third party, us or an affiliate. We may at any time become an approved supplier of any item that you purchase for use or sale in your business. Although we do not currently receive any rebates from any approved suppliers, we or our affiliates may in the future. If any supplier pays us or any affiliate a rebate we and our affiliate will keep all of these amounts.

In our last fiscal year (ended December 31, 2023), we received \$3,927,004 of revenue from required purchases and leases from our franchisees, or approximately 59.46% of our total revenue of \$6,604,593. (These numbers have been rounded and were taken from our internal financial records.)

The purchase of items in accordance with our standards and specifications will represent approximately 95% of your purchases in opening your business and approximately 95% of your annual purchases in operating the business on an ongoing basis.

Standards and Specifications

In order to maintain the quality of the goods and services sold by businesses operated under the *Our Town America* logo and the reputation of our franchise network, all equipment and supplies, products and related items, including insurance, that you use in your business must meet our standards and specifications. We currently require you to carry comprehensive general liability insurance (in the amount of \$1,000,000), automobile liability insurance, including owned, hired, and no-owned vehicle coverage (with a combined single limit of \$1,000,000), worker's compensation and employer's liability insurance, as well as any other such insurance required by state law (\$100,000 minimum limit or amounts required by state law), all risks coverage insurance on the business, all fixtures, equipment, supplies, used in the operation of the business, and any additional insurance and types of coverage as may be required by the terms of your lease, if any, or that we may require from time to time.

Our standards may regulate, among other things, the types, models and brands of business materials and operating assets, including the required proprietary *Our Town America* direct marketing materials (and their components), equipment, signs, software, materials, products, services, computer system and supplies to be used in operating the business. We will notify you in our Manual or other communications of our standards and specifications. We may modify these standards at any time and will provide you with notice of the modification. Your marketing and advertising materials must be approved by us, and you may not establish or have established any websites, web pages, hashtags, social media and/or social networking sites relating to or making reference to us, our franchise network or your business, without our approval.

Approved Suppliers

You must purchase nearly all of the products, equipment and supplies used in your business from suppliers that we designate or approve. If you want to purchase from a supplier that has not yet been approved, you must first submit sufficient information, specifications and samples so we can determine if the item complies with our system standards and the supplier meets our approved supplier criteria. We will, within 30 days after we receive all requested information, notify you of our decision. Approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier. Our criteria for approving suppliers is not available to you. We may revoke approval of an approved supplier at any time. We will provide you with notice of this revocation. We will not approve other suppliers for the products and services we or our affiliates sell to you.

Miscellaneous

There currently are no purchasing or distribution cooperatives. We do not have any purchase arrangements with suppliers for the benefit of franchisees. We do not provide material benefits to our franchisees based upon a franchisee's purchase of certain products or services or use of a particular supplier.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Not applicable	Items 7 and 11
(b) Pre-opening purchases/leases	Section 4	Items 5, 6, 7, 8, 11 and 16
(c) Site development and other pre-opening requirements	Sections 4	Items 6, 7 and 11
(d) Initial and ongoing training	Section 9	Item 11
(e) Opening	Section 5.6	Item 11
(f) Fees	Sections 3.2, 6, 7.3, 7.8 8.3, 8.4, 9.4, and 15.3	Items 5, 6 and 7
(g) Compliance with standards and policies / Operating Manual	Section 7	Item 11
(h) Trademarks and proprietary information	Sections 1.1, 2, 4.3, 5.2, 7, 10, and 11.2	Items 13 and 14
(i) Restrictions on products/services offered	Sections 4, 5.2, 10, and 11.1	Items 11 and 16
(j) Warranty and customer service requirements	Sections 4.2, 5.1, 7.2, 8.4(b), and 18.2	Item 16
(k) Territorial development and sales quotas	Sections 2.1, 2.2, 2.4, 2.6, and 3.2	Item 12
(l) On-going product/service purchases	Sections 4.3, 7.3, 7.6, 8.4, and 9	Item 8

Obligation	Section in Franchise Agreement	Disclosure Document Item
(m) Maintenance, appearance and remodeling requirements	Sections 3.2, 4.2, 7.2, and 7.3	Items 11 and 17
(n) Insurance	Section 19	Items 7 and 8
(o) Advertising	Sections 5 and 8	Items 6, 7 and 11
(p) Indemnification	Sections 10.5 and 18.5	Item 6
(q) Owner's participation / management /staffing	Sections 2.1, 7.1, 9, and 15.2	Items 11 and 15
(r) Records and reports	Sections 7.3, 13, and 14	Item 11
(s) Inspections and audits	Section 14	Items 6 and 11
(t) Transfer	Section 15	Items 6 and 17
(u) Renewal	Section 3	Items 6 and 17
(v) Post-termination obligations	Section 17	Item 17
(w) Non-competition covenants	Sections 10, 12, 17.6, and 17.7	Item 17
(x) Dispute resolution	Sections 20 and 21	Item 17
(y) Other: Guarantee of Obligations	Section 20.12 and Owner's Guaranty	Items 1 and 15

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your business, we will:

1. Designate your Market Area, as further described in Item 12. (Franchise Agreement, Section 2.1). The suitability of a Market Area is determined on a case-by-case basis, and our acceptance of your Market Area does not constitute a guarantee that the business will be profitable in that Market Area.
2. Loan or make accessible to you one copy of our confidential Operations Manual. (Franchise Agreement, Section 7.2) The table of contents of our confidential Operations Manual is included as Exhibit D to this Disclosure Document. As of December 31, 2023, there were 385 pages in this Manual.
3. Provide initial training to you and one additional employee of yours who must be your manager, if you have one. (Franchise Agreement, Section 9.1). If you already own a business operated under our marks, this initial training may be abbreviated or waived. This training is described in detail later in this Item. For the first 90 days following completion of the classroom portion of the initial training program we will be available by telephone to discuss questions you may have in the start-up of your franchised business (Franchise Agreement, Section 9.2).

During your operation of the business, we will:

1. Within 90 days of the commencement of your *Our Town America* business operations, provide you for up to 5 days one of our representatives who will provide you with advice on the opening and continued operation of your business. (Franchise Agreement, Section 9).
2. Sell to you production services, including mailing of the advertising materials and envelopes you sell to your customers and determine the order and content of all product packages distributed in your Market Area. (Franchise Agreement, Section 1.1). Except as discussed above, we do not provide for necessary equipment, signage, fixtures, opening inventory, or supplies for your business. We will mail the envelopes containing advertisements of sponsors, directly into your Market Area. There are no written specifications for these items. We do not deliver to you or install these items. Except as discussed above, we do not develop products or services you will offer to your customers.
3. Provide you with our online customer relations management tool, which you must use to provide us with certain information on your customers (Franchise Agreement, Section 4.3(d)).
4. Provide you with samples of products and other promotional and marketing materials from time-to-time to assist you with your sales efforts. (Franchise Agreement, Section 8.2).
5. At our discretion, make periodic visits to your business to consult, assist and guide you in various aspects of the operation and management of your business. We may prepare written reports outlining any suggested changes or improvements in the operation of your business and

detail any deficiencies that become evident as a result of any visit. If we prepare a report, you may request a copy from us and we will provide it. (Franchise Agreement, Section 14.1).

6. Make available to you changes and additions to our franchise system as generally made available to all Our Town America franchised businesses. (Franchise Agreement, Section 7.2).

7. Maintain and make available to you a website containing downloadable sales materials, forms and other materials for use in the operation of your business (Franchise Agreement, Section 8.4).

8. Advise you from time to time on the operation of your business based on reports you submit or inspections we make. This guidance will be furnished in our Manual, bulletins or other written materials and by telephone consultations, e-mail, facsimile, newsletters and other methods or during consultations at our office or the business. (Franchise Agreement, Section 11.2). However, we have no obligation to assist you in establishing prices, such as setting minimum and/or maximum prices, at which you must sell products and services.

9. Furnish you, at your request and expense, with additional guidance, assistance and training (including any additional refresher or periodic training we deem necessary or appropriate). You must pay to us our fees for providing such training and are responsible for travel and living expenses. (Franchise Agreement, Section 9).

10. We may periodically conduct conventions at locations and times we designate. You must attend and participate in these conventions if we have them, and you must pay a registration fee to us for each of your attending participants. You will be responsible for your and any of your other attendees' travel, hotel accommodations and living expenses during these conventions. (Franchise Agreement, Section 9).

11. Administer the Our Town America Marketing Fund as described below. (Franchise Agreement, Section 8.3).

Site

You may locate your office anywhere within your Market Area. We do not provide any assistance in selecting a site for your office. Because we anticipate that most franchisees will work from their home offices, we do not provide you with any site selection assistance or any assistance regarding the construction, remodeling, furnishing or decoration of your office or conforming the premises to local ordinances or building codes or obtaining any required permits. We do not negotiate the purchase or lease of a site for you, plus we do not own premises and lease them to you. We will either approve or disapprove your site within 60 days after the date you provide us with all information we request about your site. The site you select must meet our criteria. Currently, our criteria includes that the site be located in your Market Area. We can terminate the Franchise Agreement if we do not approve a site for your business within 90 days of the date you sign the Franchise Agreement.

Local Advertising

All of your advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies we specify from time-to-time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for our approval before you use them. If you do not receive written disapproval within 15 days after we receive the materials, we will be deemed to have

given the required approval. You may not use any advertising or promotional materials that we have disapproved. You must comply with all of our policies and requirements relating to the use of the Internet and any websites, web pages, and social media and/or social networking sites, online directories, avatars, review and opinion pages or sites, profiles, including online business profiles, and accounts (Franchise Agreement, Section 8.4).

We encourage unit franchisees to form Local and Regional Advertising Cooperatives to collectively promote their *Our Town America* franchised businesses. Although we have not established any of these Cooperatives, if we do you must join and actively participate in the Local or Regional Cooperative which geographically contains in whole or in part your Market Area. Contributions made by you to your Local or Regional Advertising Cooperative will offset the amounts due to us as the monthly Marketing Fund contribution. (Franchise Agreement, Section 8.2) All franchisees in the Cooperative must contribute at the rate established for the Cooperative. We do not contribute to any Local or Regional Cooperatives. We or a third party, which may be an affiliate of ours or another franchisee, will be responsible for administering the Cooperative. The Cooperatives will not operate from any written governing documents. A Cooperative will not be required to prepare annual or periodic financial statements. We can form additional cooperatives or change, dissolve or merge any cooperatives.

Marketing Fund

You must contribute 1% of your Gross Monthly Sales per month to a Marketing Fund. (Franchise Agreement, Section 8.3) You must pay this fee on the first (1st) day of the month. We intend that all franchisees will contribute at the same percentage to this Fund. We do not contribute to this Fund. The purpose of the Fund is to promote the *Our Town America* brand. This means we may use money from the Fund for any purpose that promotes the brand, including creating advertising materials or public relations campaigns, or to implement advertising, including advertising that may be Internet based, including search engine optimization. The media we use may be print media, electronic or television or radio and the media coverage may be national, local or regional. We determine how funds are spent. We will not use any of the funds primarily to help us sell franchises, although we may use contributions to update our or our affiliate's website, which may also advertise for franchises. We may also use Fund contributions to reimburse us for the cost of administering the Fund including the cost of salaries and fringe benefits paid to our employees who assist in the administration of the Fund or create marketing and promotional materials. We may make loans to the Fund. If we do, we can charge interest on amounts owed to us by the Fund and will determine the repayment schedule of those loans. As of the date of this Disclosure Document, we have not made any loans to the Fund. We have created the Our Town America Franchisee Advisory Council. The Council consists of Our Town America franchisee members, members from Our Town America and other individuals, if any, we feel can contribute to the Council. The Council advises us on marketing related to the Marketing Fund. We select members of the Council in the manner we see fit. The Council serves only in an advisory capacity and has no operational or decision-making power. We can form, change or dissolve any advertising council at any time.

We will maintain all sums paid to the Marketing Fund in an account separate from our general account. The Marketing Fund will not be audited, however, year-end statements will be provided upon request. We oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All sums remaining in the Marketing Fund for any particular year will be carried forward for use during the next year. (Franchise Agreement, Section 8.3) The Marketing Fund contribution is not refundable by us for any reason. We have no

obligation to ensure that expenditures from the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund made by franchisees operating in that geographic area or that any *Our Town America* franchisee will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. (Franchise Agreement, Section 8.3). We assume no direct or indirect liability or obligation to you for collecting amounts due to, or maintaining, directing or administering the Marketing Fund. During our last fiscal year ended December 31, 2023, we spent Marketing Fund contributions as follows: 68.18% on professional public relations services; 17.80% on internet marketing and print advertising; and 14.02% on expenses incurred to attend trade shows to promote the brand. (These numbers have been rounded).

Computer System

Unless you already own a computer that meets our specifications, you must buy a computer that meets our specifications to use in your business. You must also use the website designated by us in the manner we designate. The computer will be used by you to interact with us via our website, order product and enter sales via our website. The type of data you will store in your computer will be customer lists, financial and operating information. The cost to purchase a computer is between \$600 and \$3,000.

You must also purchase anti-virus software that we require as well as the accounting software QuickBooks. The cost for the anti-virus software is approximately \$20 per year. The cost for QuickBooks is \$549. Your computer system and all software other than QuickBooks, can be purchased at any retail outlet. Neither we nor any affiliate nor any third party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to you for your computer or any software. We may require you to upgrade or update your computer system and software during the term of your Franchise Agreement and there are no contractual limitations on the frequency and cost of these obligations. For example, we currently require you to update the QuickBooks software every 2 years. Currently, the cost for this upgrade is approximately \$180. There is no other optional or required maintenance, updating, upgrading, or support contracts, that we provide or that any third party provides.

We do not have independent access to the information stored in your computer.

Time to Opening

We estimate that there will be an interval of 60 to 90 days between the signing of the Franchise Agreement and opening of your business. You may not open your business for business until: (1) we approve the business as having been developed according to our specifications and standards; (2) pre-opening training has been completed to our satisfaction; (3) the Initial Franchise Fee and all other amounts then due to us have been paid; and (4) you have provided us with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request. This length of time may be affected by whether you lease space, any financing you seek to obtain, and how quickly you can attend our training program. You must open the business for business within 60 days after you successfully complete the classroom portion of the initial training program. (Franchise Agreement, Section 5.6).

Training

We will conduct an initial training program. You and your manager (if you have one) must attend and complete to our satisfaction the classroom portion of this training program, referred to as Town Meeting, within 90 days after you sign your Franchise Agreement. If you do not have a manager, it can

be an additional employee of yours. The classroom training portion of our initial training program will be conducted at our headquarters in Florida. The on-the-job portion will be provided in your Market Area. You must complete approximately 3 weeks of directed home study pre-training we refer to as “Going to Town,” before you begin the initial training program. The initial training program consists of approximately 4 days of classroom training, and approximately 5 days of field training. If you replace your manager, your new manager must attend our training program. Although we do not charge for initial training, you may be charged fees for additional training or for the training of a new manager if you replace the person originally trained. You are responsible for training your own employees and other management personnel, though we may offer spots in the training class to your employees on a space-available basis. We do not hire your employees for you.

We expect that the initial two portions of this training will be conducted for you and your personnel after the Franchise Agreement has been signed and while your business is being developed. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (*i.e.*, monthly or bi-monthly) training schedules. Training is provided to protect our brand not to control the day-to-day operation of your business. The following table will give you additional information about the content of our initial training program as of the end of our last fiscal year:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales Presentation / Role Play	17 Hours	20 Hours	Florida headquarters (Classroom); Market Area (On-the-Job)
Closing Skills	4 Hours	4 Hours	Florida headquarters (Classroom); Market Area (On-the-Job)
Submitting Graphics and Layouts/Offers	1 Hour	1 Hour	Florida headquarters (Classroom); Market Area (On-the-Job)
Reporting/Paperwork	1 Hour	2 Hours	Florida headquarters (Classroom); Market Area (On-the-Job)
Operations Overview	1 Hour	1 Hour	Florida headquarters (Classroom); Market Area (On-the-Job)
Product Knowledge	1 Hour	5 Hours	Florida headquarters (Classroom); Market Area (On-the-Job)
Administration/Customer Service	1 Hour	2 Hours	Florida headquarters (Classroom); Market Area (On-the-Job)
Intranet/Internet Tools	1 Hour	0	Florida headquarters
Appointment Setting	1 hour	5 Hours	Florida headquarters (Classroom); Market Area (On-the-Job)
Total	28 Hours	40 Hours	

The corporate officer in charge of training is Michael Plummer. Mr. Plummer has worked in our company and in the direct mail marketing industry for approximately 20 years. We may use company personnel, *Our Town America* franchisees or both as training instructors. The on the job training will be performed by an existing franchisee of ours. We use our Operating Manual as the instructional materials for this training.

Below, please find additional information related to the pre-training and training phases of our initial training program.

1. **Going to Town (Directed Home Study Pre-Training):** A 3-week directed study course that the franchisee completes from their home, immediately before attending Town Meeting (our classroom training). This course is intensive and it is expected that the franchisee will spend approximately 80-90 hours over the 3-week period setting up the business and preparing for class.

2. **Town Meeting (Classroom Training):** A 4 and 1/2 to 5-day course of classroom training, scheduled after the Going to Town training.

3. **On-the-Job Field Training:** Within the first 90 days after opening, a trainer will go into the franchisee's territory to work with them on a one-on-one basis for approximately one-week. This training will include going on sales calls, appointment setting and coaching. The specific training will be based on the needs of the franchisee. We pay for the trainer's transportation, food, and lodging. This trainer may be another franchisee of ours.

Additional Training

We may provide additional training programs. These training programs will be optional with the exception of our refresher course which you must attend if you are not in compliance with your Franchise Agreement. We will determine the location for this training and it may be held electronically. We may charge the hourly fees we establish for this training, plus we can require that you reimburse us for our costs.

We may also hold periodic conventions for all of our franchisees. You must attend or you must send a representative that we approve before the convention to this convention. Regardless of whether you attend the convention, you must also pay any convention registration fee we establish. You are responsible for all travel and living expenses that you or your representatives incur while attending the convention.

ITEM 12

TERRITORY

The Franchise Agreement gives you the right to operate your business under the *Our Town America* logo from one location. As discussed in Item 11, we must approve this location. We must have approved this location at the time you sign your Franchise Agreement. Your location must be in your "Market Area." At the time you sign your Franchise Agreement, you must select contiguous zip codes having a combined historical average of a minimum of 2,500 households per month that indicate a change of address. We will determine this historical average based upon historical data we have collected. If we approve of the selection, the area encompassed by these zip codes as of the date of our approval will make up your "Market Area". If this area decreases because zip codes are split, your area will also decrease. We will approve the relocation of your office so long as the new site is in your Market Area and meets all our requirements. You do not have any options, rights of first refusal, or similar rights to acquire additional franchises.

As long as you are in compliance with the Franchise Agreement, except as discussed below, neither we nor our affiliate will market, promote or sell or grant others the right to market, promote or sell proprietary *Our Town America* direct marketing materials and services to businesses physically located in your Market Area. We do not grant you any other territorial rights. Because of our rights below, 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 businesses that we control.

Other than as discussed above, there are no restrictions on us from soliciting or accepting business from sponsors in your Market Area. We and our affiliate reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within and outside your Market Area under our marks or otherwise. We are not required to pay you any amounts for soliciting or accepting orders from inside your Market Area. Unless we otherwise agree, you may not solicit or accept orders from businesses outside of your Market Area and you cannot use other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales outside of your Market Area. We also have the right to approve all advertising materials prior to your use, including websites, web pages, social media and/or social networking sites, accounts and profiles.

Rights We Retain

We retain the right, on behalf of ourselves or through affiliates, and without granting any rights to you, to:

(a) operate and grant franchises to others to operate businesses operated under the *Our Town America* logo or otherwise anywhere outside your Market Area and to market and sell services and products whether under the marks or otherwise, to anyone outside your Market Area;

(b) operate and grant franchises to others to operate businesses, whether inside or outside your Market Area, selling products or services, other than those sold in your *Our Town America* business, under the *Our Town America* logo or otherwise;

(c) operate and grant franchises to others to operate businesses offering any products or services, whether inside or outside your Market Area, that do not use the *Our Town America* logo;

(d) establish co-branding relationships with persons or entities for the operation or establishment of a business offering complementary or related products and services through or in connection with businesses operated under the *Our Town America* logo (“Co-Branding Affiliates”). We may require you to enter into co-branding agreements with us or such Co-Branding Affiliates in the form and substance we may prescribe from time to time; and

(e) sell or grant third parties the right to sell, products and services under the *Our Town America* logo or otherwise to Corporate and Institutional Accounts in your Market Area or to businesses in your Market Area as long as they are a part of a Corporate or Institutional Account as described below. We can require advertisements of Corporate or Institutional Accounts and/or businesses that are a part of a Corporate or Institutional Account to be mailed into your Market Area in envelopes containing advertisements of your customers or otherwise, irrespective of where the Account or business is located.

Corporate or Institutional Accounts

We may develop a Corporate or Institutional Accounts program. A “Corporate” or “Institutional Account” is a customer or prospective customer that operates in multiple states or that has locations owned or affiliated with the customer located in and outside the Market Area.

We or our designee may solicit customers located in your Market Area, whether or not you currently provide products or services to them, in order to develop them as Corporate or Institutional Accounts or for products or services we offer through e-commerce. We can require advertisements of

Corporate or Institutional Accounts and/or businesses that are associated as a Corporate or Institutional Account, to be mailed into your Market Area in envelopes containing advertisements of your customers or otherwise. Although we will not pay you any compensation for this we will offer you a discount on the production charges for that envelope.

Performance Standards

For each calendar month of each year during the term of the Franchise Agreement, beginning the first calendar month after you being operating your franchised business, you must: (1) achieve the minimum amount of Gross Monthly Sales; and (2) pay the minimum amount of Royalty Fees (the “Performance Standards”) as disclosed below. If you fail to meet any Performance Standards, you will be in default under the Franchise Agreement and we may terminate the Franchise Agreement or reduce the size of your Market Area.

Performance Standards		
Term Year	Minimum Gross Monthly Sales*	Minimum Monthly Royalty Fee**
Year 1	\$ 1,666	\$ 83
Year 2	\$ 4,583	\$ 229
Year 3	\$ 5,833	\$ 291
Year 4	\$ 7,166	\$ 358
Year 5	\$ 9,166	\$ 458
Year 6	\$ 11,250	\$ 562
Year 7	\$ 14,166	\$ 708
Year 8	\$ 17,500	\$ 875
Year 9	\$ 22,083	\$ 1,104
Year 10	\$ 27,500	\$ 1,375

* **“Minimum Gross Monthly Sales”** is the minimum Gross Monthly Sales you must achieve for each month of each given term year commencing in the first full calendar month after you being operating your franchised business.

** **“Minimum Monthly Royalty Fee”** is the minimum Royalty Fee you must pay in each month of each given term year beginning in the first full calendar month after you begin operating your franchised business. However, this is a minimum. If your Gross Monthly Sales for a particular calendar month result in a Royalty Fee greater than the Minimum Monthly Royalty Fee you must still pay the excess amount. However, this excess amount will not be applied to any other calendar month.

You must also generate at least 3 new sponsors every 90 days, measured on a rolling 90 day basis, during the term of your Franchise Agreement. If you generate more than 3 new sponsors during any 90 day period, the additional sponsors cannot be used to satisfy this requirement in any other 90 day period. If you fail to meet this requirement, we may terminate the Franchise Agreement.

If you are renewing your franchise you must sign our then current form of Franchise Agreement and our Renewal Addendum. The Renewal Addendum will contain new Performance Standards. These Performance Standards will be based on various factors including the number of zip codes in, and size of, your Market Area and the adjusted new mover averages as we determine in your Market Area.

ITEM 13

TRADEMARKS

Principal Trademarks

We grant you the right to use certain trademarks, services marks and other commercial symbols in operating your franchised business. The principal trademark we license to you is the *Our Town America* logo. We have registered this mark, in various iterations, as well as the word mark “Our Town America,” on the Principal Register of the United States Patent and Trademark Office (“USPTO”), as discussed below.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Our Town America plus Design	4,666,228	January 6, 2015
Our Town America plus Design	4,698,507	March 10, 2015
Our Town America plus Design	4,666,225	January 6, 2015
Our Town America	5,441,986	April 10, 2018

Other Marks

We have registrations on the Principal Register of the USPTO for the trademarks discussed below (except that the initial trademark below was registered on the Supplemental Register of the USPTO).

MARK	REGISTRATION NUMBER	REGISTRATION DATE
America’s Welcoming Organization	3,134,552	August 22, 2006
Housewarming Gifts From Your Neighborhood	3,217,791	March 13, 2007

License of the Marks

There are no agreements currently in effect that significantly limit our rights to use or license these marks in a manner material to our franchise system. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator or any court, nor are there any pending infringement, cancellation or opposition proceedings involving the mark, our use of the mark or our affiliate’s ownership of the mark. All affidavits and renewal applications required to be filed with the USPTO for the marks have been filed.

Use of the Marks

You must follow our rules when you use the marks. You cannot use any mark as part of your corporate or legal business name or with modifying words, designs or symbols (except for those we license to you specifically for that purpose), or as part of a domain name, account name, profile, hash tag or URL without our written approval. You cannot use any mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

Infringements

We are not required to protect your right to use marks we license to you. However, we will indemnify you against claims of infringement from your use of the marks as long as you are properly using them. We can in this situation take any action we think is appropriate to handle the claim. You must notify us immediately of any apparent infringement or challenge to your use of any mark we grant you the right to use, or of any claim by any person of any rights in any mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any infringement, challenge or claim. We can take the action we deem appropriate and can control exclusively any litigation, USPTO proceeding or any other administrative proceeding arising from the infringement, challenge or claim or otherwise relating to any mark. You must provide the assistance we request and take any action that, in our opinion, may be necessary or advisable to protect and maintain our interests in any proceeding or otherwise to protect and maintain our interests in the marks. The Franchise Agreement does not require us to participate in your defense if you are a party to an administrative or judicial proceeding involving any mark licensed to you by us regardless of how the proceeding is resolved. We are not aware of any superior rights or infringing uses that can materially affect your use of our principal mark. However, we are aware of an annual festival held in Coral Springs, Florida, named “OurTownAmerica” and there are various companies in various industries using the term “Our Town” alone or in combination with other terms as a part of their corporate name or to describe their business or business services.

Changes to the Marks

If it becomes advisable at any time for us and/or you to modify or discontinue the use of any mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions after receiving notice. We will not reimburse you for any loss of revenue from any modified or discontinued mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise operated under the *Our Town America* logo.

We claim copyright protection for our confidential Operations Manual and *Our Town America* products, advertising materials, and related items used in operating the franchise. These materials are proprietary and confidential. You may use them only as long as your Franchise Agreement is effective. The following materials were registered with the U.S. Copyright Office on April 21, 2014:

COPYRIGHT TITLE	REGISTRATION NUMBER
OUR TOWN AMERICA magnet layout	VA0001904119
OUR TOWN AMERICA welcome front layout	VA0001904176
OUR TOWN AMERICA envelope	VA0001904122
OUR TOWN AMERICA gift certificate layout	VA0001904124

These registrations do not need to be renewed. There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding the copyrights. The only agreement limiting our use of the copyrights is the License Agreement disclosed in Item 13.

All ideas, concepts, techniques or materials relating to *Our Town America* businesses (including any specific to your business), whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques or materials.

You may not use our Manual or our confidential or proprietary information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

Infringements

We have no obligation to protect the copyrights. However, we will indemnify you against claims of copyright infringement so long as you are properly using the copyrighted materials. We have no obligation to participate in your defense in a proceeding involving any of the copyrighted materials. You must notify us immediately, in writing, of any apparent infringement of any of our copyrighted materials, or any challenge to your use of any of these copyrights, or of any claim by any person of any rights in any copyrighted materials. You must not communicate with any person other than us, our attorneys and your attorneys in connection with any infringement, challenge or claim. We can take the action we deem appropriate, including any affirmative action and to control any litigation. You must sign the documents, provide the assistance and do the acts we think may be necessary or advisable to protect and maintain our interests in any proceeding or otherwise to protect and maintain our interests in the copyrighted materials. You may not at any time during or after the term of the Franchise Agreement, contest the validity or ownership of any of the copyrighted materials, or assist any person in contesting the validity of ownership of any of the copyrighted materials. There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Furthermore, there are no infringing uses known to us that could materially affect your use of the copyrighted materials.

Discontinue Use

You must immediately modify or discontinue the use of any of the copyrighted materials as we direct. We will not reimburse you for any loss of revenue from any discontinued use of any copyrighted materials or for any expenditures you make to promote a modified or a substitute copyright.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times perform your obligations under the Franchise Agreement, continuously exert your best efforts to promote and enhance the business and not engage in any other business or activity that conflicts with your obligations to operate the business in compliance with the Franchise Agreement. You must participate personally in the direct operation of the business; although you may employ a manager to assist you in the business's day-to-day operations. Your manager must complete our initial training program satisfactorily. The manager need not have an equity interest in your business. All of your personnel must sign confidentiality and noncompetition agreements restricting their activities as to disclosure and competition to the same extent as you are restricted by the Franchise Agreement.

If you are a corporation, limited liability company or partnership, or you transfer your business to one of these entities, your owners (excluding their spouses) must personally guarantee your obligations under the Franchise Agreement and any other agreement with us or our affiliate. The form of "Owners Guaranty" is attached to the Franchise Agreement. You must complete an "Owner's Statement" in the form attached to the Franchise Agreement. The Owners Statement describes all of your owners and their interests in you.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products, and perform all services, that we require including the full range of our proprietary *Our Town America* direct marketing materials, which includes post cards and digital advertisements. You may not offer for sale any products or services or utilize any products for marketing materials or informational materials or perform any services that we have not specifically authorized in writing. We can change the types of required and/or authorized goods and services, and there are no limits on our right to do so. We determine the order and content of the envelopes containing your customer advertisements. We can also place advertisements of Corporate or Institutional Accounts or businesses associated with them in envelopes containing advertisements for your customers. We also can intervene and satisfy a complaint of a customer of yours if we feel you did not satisfy the customer. You may not sell, giveaway or otherwise transfer any data or other information related to customers, past or present, of your Our Town America business and must provide it to us upon our request.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
A. Length of franchise term	Section 2.3	10 years.
B. Renewal or extension of the term	Section 3	If you are in good standing, you can renew your franchise on our then-current terms. Currently, the renewal term is 10 years.
C. Requirements for you to renew or extend	Sections 3.1 and 3.2	Give us at least 90 days' notice of your intention to renew, sign our current form of franchise agreement, which may have materially different terms than those in your Franchise Agreement and ancillary agreements (including new Performance Standards), sign renewal addendum, complete any training we require and pay us a \$2,500 renewal fee.
D. Termination by you	Section 16.3	You may terminate if we commit a material breach of the Franchise Agreement and do not cure our breach within 60 days of your giving us written notice with a description of our breach (subject to state law).
E. Termination by us without cause	None	Not applicable.
F. Termination by us with cause	Sections 16.1 and 16.2	We can terminate only if you commit one of several violations.
G. "Cause" defined - curable defaults	Section 16.1	30 days to cure: (i) noncompliance with any agreement with us or any affiliate; (ii) noncompliance with standards, including Performance Standards; (iii) dishonest or unethical conduct; (iv) failure to pay taxes; or (v) failure to satisfactorily complete any training. 10 days to cure monetary defaults.

Provision	Section in Franchise Agreement	Summary
H. "Cause" defined – non-curable defaults	Section 16.2	(i) understatement of any information by 3% or more; (ii) repeated noncompliance with system standards; (iii) repeated noncompliance with any agreement with us or our affiliates; (iv) unauthorized transfer; (v) abandonment; (vi) any material misrepresentation or omission; (vii) insolvency; (viii) conviction of or a plea of no contest to a felony, or other crime or offense; (ix) dishonest or unethical conduct; (x) repeated monetary defaults; (xi) unauthorized use, duplication or disclosure of any confidential information, the Marks, or the manuals; (xii) failure to timely commence business; (xiii) failure to complete classroom portion of the initial training program to our satisfaction; (xiv) a court declares any part of the Franchise Agreement invalid or unenforceable relating to either the payment of fees or the preservation of any trade names, service marks, trademarks, trade secrets, trade formulas or copyrighted materials; (xv) suspension or revocation of any required license; (xvi) failure to meet new customer acquisition requirements; or (xvii) failure to achieve Performance Standards.
I. Your obligations on termination/nonrenewal	Section 17	Obligations include payment of outstanding amounts, complete de-identification, transferring to us certain telephone numbers and other registrations and listings, including domain names and social media sites, and return of confidential information, including any customer data, and manuals (also see R. below).
J. Assignment of contract by us	Section 15.1	No restriction on our right to assign.
K. "Transfer" by you - defined	Section 15.2	Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, you or your <i>Our Town America</i> business.
L. Our approval of transfer by you	Sections 15.2	We must approve all transfers, even to a business entity controlled by you.
M. Conditions for our approval of transfer	Section 15.3	New franchisee qualifies, you pay us all amounts due, transferee agrees to be bound by terms and conditions of new Franchise Agreement (for the remainder of the term of the existing Franchise Agreement), which may have materially different terms than those in your Franchise Agreement, payment of a transfer fee of \$6,500, we approve material terms, you subordinate amounts due to you, and you sign other documents we require including general release (also see R. below).
N. Our right of first refusal to acquire your business	None	Not applicable.
O. Our option to purchase your business	None	Not applicable.

Provision	Section in Franchise Agreement	Summary
P. Your death or disability	Sections 15.3	Your heirs can assume the business but they must meet the requirements for transfer.
Q. Non-competition covenants during the term of the franchise	Section 12	You may not have any direct or indirect interest in or perform services for a Competitive Business or a business or other venture that grants franchises or licenses for the operation of a Competitive Business anywhere. Competitive Business is any business owning, operating or managing, or granting franchises to others to own, operate or manage, any business that is similar to or offers the same or similar products and services as are offered by businesses operated under any marks we own or are licensed to us, including any business which offers, sells, markets or advertises direct marketing materials or related services or systems, or any business that directly or indirectly uses or offers for sale or use any such direct marketing materials or similar products or services, including any such business operating in whole or in part via e-commerce (other than a business operated under a franchise agreement with us) (subject to state law).
R. Non-competition covenants after the franchise is terminated or expires	Section 17.6	For 2 years following the termination, expiration or assignment of your Franchise Agreement, you may not engage in a Competitive Business or have any interest in a Competitive Business that is located in or doing business within a 10 mile radius of the Market Area, including at the location of your former Our Town America business, or a business or other venture that is located within this area or that grants franchises or license for the operation of a Competitive Business to be located in this area (subject to state law).
S. Modification of the Agreement	Section 20.20	No modifications except by written agreement, but Manual and system standards are subject to change.
T. Integration/merger clause	Section 20.16	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. Nothing in this or any related agreement is intended to disclaim any representations made in the FDD.
U. Dispute resolution by arbitration or mediation	Section 21	Except for certain claims, all disputes must be mediated at a mutually agreeable location, or at our headquarters. If the dispute is not resolved within 60 days, the dispute must be arbitrated in Pinellas County, Florida (subject to state law).

Provision	Section in Franchise Agreement	Summary
V. Choice of forum	Section 20.5	Litigation must generally be in Florida (subject to state law).
W. Choice of law	Section 20.4	Florida law generally applies (subject to state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any 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 franchise, however, we may provide you with the actual records of that franchise. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Michael Plummer at 13900 US 19 N, Clearwater, Florida 33764; email at jplummer@ourtownamerica.com; and telephone at (727) 345-0811, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**Systemwide Outlet Summary
For Years 2021 to 2023⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	50	50	0
	2022	50	44	-6
	2023	44	43	-1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total	2021	50	50	0
	2022	50	44	-6
	2023	44	43	-1

¹ The numbers for each year are as of December 31. These numbers include outlets operated under the *Our Town* logo.

Table No. 2

**Transfers of Outlets from Franchisee to New Owners
(Other than the Franchisor)
For Years 2021 to 2023⁽¹⁾**

State	Year	Number of Transfers
California	2021	3
	2022	1
	2023	0
Florida	2021	0
	2022	0
	2023	1
Minnesota	2021	1
	2022	1
	2023	0
North Carolina	2021	0
	2022	1
	2023	0
Ohio	2021	0
	2022	1
	2023	0
Total	2021	4
	2022	4
	2023	1

⁽¹⁾ The numbers for each year are as of December 31. These numbers include outlets operated under the *Our Town* logo.

Table No. 3

**Status of Franchised Outlets
For Years Ended 2021 to 2023⁽¹⁾**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Arizona	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
California	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Colorado	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Connecticut	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	1	4
	2023	4	0	0	0	0	0	4
Georgia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Iowa	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Minnesota	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
North Carolina	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Ohio	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	2	0
	2023	0	0	0	0	0	0	0
South Carolina	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	1	0	0	0	1
Texas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	50	0	0	0	0	0	50
	2022	50	1	0	0	0	7	44
	2023	44	1	2	0	0	0	43

(1) The numbers for each year are as of December 31. These numbers include outlets operated under the *Our Town* logo.

Table No. 4

**Status of Company-Owned Outlets
For Years 2021 to 2023⁽¹⁾**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

⁽¹⁾ All numbers for each year are as of December 31.

Table No. 5

**Projected Openings
As of December 31, 2023**

State	Franchise Agreements Signed but Outlets Not Open	Projected New Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	0-1	0
California	0	0-1	0
Colorado	0	0-1	0
Florida	0	0-1	0
Kentucky	0	0-1	0
Maryland	0	0-1	0
Michigan	0	0-1	0
Missouri	0	0-1	0
Pennsylvania	0	0-1	0
Texas	0	1-2	0
Virginia	0	0-1	0
Washington	0	0-1	0
Total	0	4-16*	0

* We are looking for prospective franchisees throughout the United States and cannot know in advance where we might find prospects. In total, however, we expect to open between 4 and 16 new franchised outlets in 2024.

The name of each of our franchisees and the address and telephone number of each of these outlets as of December 31, 2023, is attached as Exhibit G. The name, city and state, and current business telephone number or, if unknown, the last known home telephone number, of each of the franchisees who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2023, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is disclosed on Exhibit H. The number of franchisees in this Exhibit is 3.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. There is no trademark-specific franchisee organization associated with the franchise system.

ITEM 21

FINANCIAL STATEMENTS

Our audited financial statements for fiscal years ending December 31, 2021, 2022 and 2023 are attached to this Disclosure Document as Exhibit A. Exhibit A also contains our unaudited Balance Sheet and a Statement of Operations as of and for the 3-month period ended March 31, 2024.

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

- (1) Forms of Franchise Agreement, Owners Guaranty, Owners Statement, and Renewal Addendum – Exhibit B
- (2) Form of Resale Agreement – Exhibit C
- (3) Riders to Franchise Agreement – Exhibit F
- (4) Form of Franchise Compliance Certificate – Exhibit I

ITEM 23

RECEIPTS

The last two pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign and date both receipts and return one to us.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

OF

OUR TOWN AMERICA, A FRANCHISING CORPORATION

This applies to only the Unaudited Financial Statements:

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT, PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Our Town America
Balance Sheet Standard
As of March 31, 2024

4/19/2024

Accrual Basis

	<u>Mar 31, '24</u>
ASSETS	
Cash	\$1,285,447.26
Accounts Receivable	\$398,469.38
Undeposited Funds	\$337.04
Total Current Assets	<u>\$1,684,253.68</u>
Fixed Assets	\$0.00
Other Assets	\$9,529.61
Total Fixed Assets	<u>\$9,529.61</u>
TOTAL ASSETS	<u><u>\$1,693,783.29</u></u>
LIABILITIES & EQUITY	
Liabilities	
Accounts Payable	\$28,492.91
Total Current Liabilities	<u>\$28,492.91</u>
Total Other Current Liabilities	<u>-\$795,415.67</u>
Total Liabilities	<u>-\$766,922.76</u>
Equity	
Retained Earnings	\$2,726,809.10
Common Stock	\$0.69
Net Income	-\$266,103.74
Total Equity	<u>\$2,460,706.05</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$1,693,783.29</u></u>

Our Town America

4/19/24

Profit and Loss Standard

January through March 2024

Accrual Basis

	<u>Jan - Mar '24</u>
Income	\$1,289,987.45
Cost of Goods Sold	\$796,896.65
Gross Profit	\$493,090.80
Expense	
Salaries & Wages	\$511,096.98
Legal & Professional	\$29,666.00
Advertising	\$60,873.62
Trade Show	\$9,879.63
Convention	\$62,466.93
General Office Operation	\$65,070.52
Rents	\$20,140.86
Total Expense	\$759,194.54
Net Income	<u>- \$266,103.74</u>

Audited Financial Statements

Our Town America, A Franchising Corporation

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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LOWERY, WELDON & COMPANY, CPAs, P.A.

certified public accountants



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Khanh T. Lowery, CPA

Robert M. Weldon, CPA

Independent Auditors' Report

To the Board of Directors and Stockholders of
Our Town America, A Franchising Corporation

We have audited the accompanying financial statements of Our Town American, A Franchising Corporation (Our Town) (a Florida Corporation), which comprise the Balance Sheets as of December 31, 2023 and 2022, and the related Statements of Operations, Changes in Stockholders' Equity and Cash Flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Town's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors, Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Our Town'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Town's ability to continue as a going concern for a reasonable period of time.

We are required to be 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.

Lowery, Weldon & Company, C.P.A.S., P.A.

April 9, 2024

Our Town America, A Franchising Corporation

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 1,538,461	\$ 2,090,644
Accounts Receivable, Net	168,492	162,209
Notes Receivable	0	1,000
Employee Retention Credit Refunds Receivable	0	277,831
Prepaid Expenses	16,603	189,750
Prepaid Income Tax	<u>16,000</u>	<u>0</u>
Total Current Assets	1,739,556	2,721,434
Property and Equipment, Net	<u>0</u>	<u>0</u>
Other Assets:		
Deferred Tax Asset	261,028	10,520
Receivable from Related Party	<u>1,316,243</u>	<u>1,316,243</u>
Total Other Assets	<u>1,577,271</u>	<u>1,326,763</u>
Total Assets	<u>\$ 3,316,827</u>	<u>\$ 4,048,197</u>

See accompanying notes and auditors' report.

Our Town America, A Franchising Corporation

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2023</u>	<u>2022</u>
Current Liabilities:		
Accounts Payable	\$ 55,350	\$ 19,122
Accrued Expenses	98,669	80,758
Taxes Payable	874	4,070
Income Taxes Payable	0	85,838
Sponsor Deposits	<u>460,450</u>	<u>419,262</u>
Total Current Liabilities	615,343	609,050
Stockholders' Equity:		
Common Stock, \$.001 Par Value, 100,000 Shares		
Authorized, 697,000 Issued and Outstanding	1	1
Retained Earnings	<u>2,701,483</u>	<u>3,439,146</u>
Total Stockholders' Equity	<u>2,701,484</u>	<u>3,439,147</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,316,827</u>	<u>\$ 4,048,197</u>

See accompanying notes and auditors' report.

Our Town America, A Franchising Corporation
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenue:		
Sales - Franchisee Income	\$ 3,011,668	\$ 3,631,342
Sales - Other	3,114,703	3,407,916
Total Revenue	6,126,371	7,039,258
Cost of Goods Sold	4,290,238	4,446,962
Gross Profit	1,836,133	2,592,296
Operating Expenses:		
Advertising	230,126	179,657
Salaries, Wages and Benefits	2,085,181	1,794,759
Professional Fees	146,026	68,384
Rent	110,381	106,750
Trade Shows	43,766	26,382
General Administrative Expenses	408,263	350,410
Total Operating Expenses	3,023,743	2,526,342
Other Income (Expense):		
Employee Retention Credit Income	0	277,831
Other Income	72	72
Realized Gain (Loss) on Investments	181,079	(36,285)
Interest Income	18,869	655
Interest Expense	(3,847)	0
Total Other Income (Expense)	196,173	242,273
Income from Operations before Income Taxes	(991,437)	308,227
Income Tax Benefit (Expense)	253,774	(77,610)
Net (Loss) Income	\$ (737,663)	\$ 230,617

See accompanying notes and auditors' report.

Our Town America, A Franchising Corporation
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Shares</u>	<u>Common</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2021	697	1		\$ 3,208,529	\$ 3,208,530
Net Income	<u> </u>	<u> </u>	<u> </u>	<u>230,617</u>	<u>230,617</u>
Balance at December 31, 2022	697	1	0	3,439,146	3,439,147
Net (Loss) Income	<u> </u>	<u> </u>	<u> </u>	<u>(737,663)</u>	<u>(737,663)</u>
Balance at December 31, 2023	<u>697</u>	<u>1</u>	<u>0</u>	<u>\$ 2,701,483</u>	<u>\$ 2,701,484</u>

See accompanying notes and auditors' report

Our Town America, A Franchising Corporation
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Net (Loss) Income	\$ (737,663)	\$ 230,617
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Accounts Receivable	(6,283)	(8,624)
(Increase) Decrease in Tax Refunds Receivable	277,831	(277,831)
(Increase) Decrease in Prepaid Expenses	173,147	(189,750)
(Increase) Decrease in Prepaid Income Tax	(16,000)	0
(Increase) Decrease in Deferred Taxes	(250,508)	(8,228)
(Decrease) Increase in Accounts Payable	36,228	300
(Decrease) Increase in Accrued Expenses	17,911	19,296
(Decrease) Increase in Taxes Payable	(3,196)	2,450
(Decrease) Increase in Sponsor Deposits	41,188	20,345
(Decrease) Increase in Income Taxes Payable	(85,838)	71,812
Net Cash Provided (Used) by Operating Activities	(553,183)	(139,613)
 Cash Flows From Financing Activities:		
Cash Received from Notes Receivable	1,000	6,000
Distributions to Stockholders	0	0
Net Cash Provided (Used) by Financing Activities	1,000	6,000
 Net Increase (Decrease) in Cash and Equivalents	(552,183)	(133,613)
 Cash and Equivalents, Beginning of Year	2,090,644	2,224,257
Cash and Equivalents, End of Year	\$ 1,538,461	\$ 2,090,644

Supplemental Disclosures of Cash Flow Information:

Interest Paid	\$ 5,973	\$ -
Income Taxes Paid	\$ 98,572	\$ 51,170

See accompanying notes and auditors' report

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is a franchising organization headquartered in Clearwater, Florida, which provides trademark licensing with the conveyance of a business format to franchisees for relocation services to new movers from local businesses. The franchisee is required to comply with the Company's guidelines governing the operation, appearance, and location of the business. The Company has franchisees operating in various states.

Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting.

Notes and Accounts Receivable

Notes and accounts receivable consist of amounts billed to franchisees and in-house sponsors and accrued unbilled fees, including related service fees. Franchisees are billed for services when the franchise fee period is completed and the franchise fee is processed. The Company performs ongoing credit evaluations of its franchisees' financial condition and generally requires no collateral from its franchisees. Follow-up correspondence is made if unpaid accounts receivable exceeds 30 days. Payments of account receivable are applied to specific invoices.

Notes and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management individually reviews all accounts receivable balances that exceed the due date by 10 days and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or notes receivable. The balance of the valuation allowance is \$4,935 and \$5,220 as of December 31, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation and amortization of property and equipment is provided using straight-line and accelerated methods over the following estimated useful lives of the assets as follows:

Computer Equipment	5 years
Software	3 years

Maintenance, repairs and renewals, which neither materially add to the value of the property nor prolong its life, are charged to expense as incurred.

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the indicators of impairment are present and undiscounted cash flows estimated to be generated by the asset are less than the assets carrying amount. In that event, loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using anticipated cash flows discounted at a rate commensurate with the risk involved.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition

The gross billings that the Company charges its franchisees under its Franchise Agreement include a franchise fee and a royalty. The franchise fee is an up-front payment, which is paid upon entering into the agreement. The royalty is a service fee, which is a percentage of the gross revenue of the franchisee. All fees charged by the Company are invoiced along with the close of each franchise fee period.

As part of the adoption of the Accounting Standards Update (ASU) in 2020, the Company elected to use the following transaction practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Company used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Company expects to recognize such revenue for all periods prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction prices, and allocating the transaction price.

The majority of the Company's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Company's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have a significant impact on the Company's financial statements. The majority of the Company's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company expenses advertising costs as they are incurred. For the years ended December 31, 2023 and 2022, advertising costs were \$230,126 and \$179,657, respectively.

Segment Reporting

The Company operates in one reportable segment under the Statement of Financial Accounting Standards (SFAS) no. 131, Disclosures about Segments of an Enterprise and Related Information due to its centralized structure.

NOTE B - CONCENTRATION OF CASH

The Company maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023 and 2021, the Company's uninsured cash balance is \$1,401,047 and \$1,690,644 respectively.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Computer Equipment	\$ 1,365	\$ 1,365
Software	<u>8,361</u>	<u>8,361</u>
Total property and equipment	9,726	9,726
Less accumulated depreciation	<u>(9,726)</u>	<u>(9,726)</u>
Net property and equipment	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense was \$0 and \$0 for the years ended December 31, 2023 and 2022, respectively.

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE D-INCOME TAXES

Effective January 1st, 2017, the Company elected to be treated as a C Corporation.

Income Tax Expense for the Years ended December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Current Federal Income Tax	\$ 0	\$ 69,489
Current State Income Tax	0	16,349
Tax Adjustment-Prior Year	(3,266)	0
Deferred Income Tax	<u>(250,508)</u>	<u>(8,228)</u>
Total Income Taxes	<u>\$ (253,774)</u>	<u>\$ 77,610</u>

Temporary timing differences between book and taxable income are created due to various items that are recognized differently for tax purposes than book purposes. These temporary timing differences may create a deferred tax liability or a deferred tax asset. The net operating loss carryforwards do not expire, and are available indefinitely. The following is a summary of the Company's deferred taxes for the current year:

Description	Beginning of Year Asset/(Liability)	Current year Benefit/(Expense)	End of year Asset/(Liability)
Reserve for Bad Debts	\$ 1,323	\$ (73)	\$ 1,250
Realized Capital Losses	9,197	(9,197)	0
Net Operating Loss Carryforward	<u>0</u>	<u>259,778</u>	<u>259,778</u>
Net Total	<u>\$ 10,520</u>	<u>\$ 250,508</u>	<u>\$ 261,028</u>

NOTE E – NOTE RECEIVABLE

On December 31, 2017, the Company converted an outstanding accounts receivable balance into a Promissory Note. The Note is interest-free, and is payable in monthly installments of \$500. The balance of the Note Receivable is \$0 and \$1,000 as of December 31, 2023 and 2022, respectively.

NOTE F – EMPLOYEE RETENTION CREDIT REFUNDS RECEIVABLE

In December, 2022, the Company filed amended payroll tax returns to claim the Employee Retention Credit, generating tax refunds receivable of \$277,831. These amounts are reported as other income for the year ended December 31, 2022. These refunds were received during the year ended December 31, 2023

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE G – RECLASSIFICATION

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

NOTE H - FRANCHISE FEE REVENUE

Total franchise fee income amounts of \$286,503 and \$336,452 were received during the years ended December 31, 2023 and 2022, respectively. Initial franchise fee income amounts of \$0 and \$0 were received during the years ended December 31, 2023 and 2022, respectively. The number of franchises sold during the years ended December 31, 2023 and 2022 were 0 and 0 respectively. The number of franchises operated during the years ended December 31, 2023 and 2022 were 43 and 49, respectively.

NOTE I – RELATED PARTY TRANSACTIONS

The Company incurs a number of operating costs and expenses by way of allocating a portion of such costs and expenses based on management's judgment and experience in the franchising industry. These expenses allocated from Our Town, Inc., a commonly controlled company, were \$614,749 and \$529,099 for the years ended December 31, 2023 and 2022, respectively. The Company's production costs are also contracted through the same related party, Our Town, Inc.. The production costs were \$3,949,441 and \$4,125,215 for the years ended December 31, 2023 and 2022, respectively.

In addition to the operating and production costs above, the Company has advanced funds to Our Town, Inc. The amount owed from Our Town, Inc. was \$1,316,243 and \$1,316,243 at December 31, 2023 and 20212 respectively.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 9, 2024, the date the financial statements were available to be issued.

Our Town America, A Franchising Corporation

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

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LOWERY, WELDON & COMPANY, CPAs, P.A.

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Khanh T. Lowery, CPA

Robert M. Weldon, CPA

Independent Auditors' Report

To the Board of Directors and Stockholders of
Our Town America, A Franchising Corporation

We have audited the accompanying financial statements of Our Town American, A Franchising Corporation (Our Town) (a Florida Corporation), which comprise the Balance Sheet as of December 31, 2022, and the related Statements of Operations, Changes in Stockholders' Equity and Cash Flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Town's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors, Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Our Town'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Our Town's ability to continue as a going concern for a reasonable period of time.

We are required to be 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.

Report on 2021 Financial Statements

The financial statements of Our Town America, A Franchising Corporation, as of December 31, 2021 were audited by other accountants whose report dated April 26, 2022, expressed an unmodified opinion on the financial statements.

Lowery, Weldon & Company, CPAs, P.A.

April 10, 2023

Our Town America, A Franchising Corporation

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 2,090,644	\$ 2,224,257
Accounts Receivable, Net	162,209	153,585
Notes Receivable	1,000	7,000
Employee Retention Credit Refunds Receivable	277,831	0
Prepaid Expenses	<u>189,750</u>	<u>0</u>
Total Current Assets	2,721,434	2,384,842
Property and Equipment, Net	<u>0</u>	<u>0</u>
Other Assets:		
Deferred Tax Asset	10,520	2,292
Receivable from Related Party	<u>1,316,243</u>	<u>1,316,243</u>
Total Other Assets	<u>1,326,763</u>	<u>1,318,535</u>
Total Assets	<u>\$ 4,048,197</u>	<u>\$ 3,703,377</u>

See accompanying notes and auditors' report.

Our Town America, A Franchising Corporation

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2022</u>	<u>2021</u>
Current Liabilities:		
Accounts Payable	\$ 19,122	\$ 18,822
Accrued Expenses	80,758	61,462
Taxes Payable	4,070	1,620
Income Taxes Payable	85,838	14,026
Sponsor Deposits	<u>419,262</u>	<u>398,917</u>
Total Current Liabilities	609,050	494,847
Stockholders' Equity:		
Common Stock, \$.001 Par Value, 100,000 Shares		
Authorized, 697,000 Issued and Outstanding	1	1
Retained Earnings	<u>3,439,146</u>	<u>3,208,529</u>
Total Stockholders' Equity	<u>3,439,147</u>	<u>3,208,530</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,048,197</u>	<u>\$ 3,703,377</u>

See accompanying notes and auditors' report.

Our Town America, A Franchising Corporation
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Revenue:		
Sales - Franchisee Income	\$ 3,631,342	\$ 3,249,063
Sales - Other	3,407,916	3,301,181
Total Revenue	7,039,258	6,550,244
Cost of Goods Sold	4,446,962	3,850,676
Gross Profit	2,592,296	2,699,568
Operating Expenses:		
Advertising	179,657	220,731
Bad Debt	0	(47,461)
Broker Fees	0	16,000
Salaries & Wages	1,563,277	1,530,986
Professional Fees	68,384	51,909
Rent	106,750	102,805
Trade Shows	26,382	27,045
General Administrative Expenses	581,892	501,153
Total Operating Expenses	2,526,342	2,403,168
Other Income (Expense):		
PaycheckProtection Program and SBA Grant	0	345,500
Employee Retention Credit Income	277,831	0
Other Income	72	0
Realized Gain (Loss) on Investments	(36,285)	0
Interest Income	655	0
Total Other Income (Expense)	242,273	345,500
Income from Operations before Income Taxes	308,227	641,900
Income Tax Expense	77,610	86,059
Net Income	\$ 230,617	\$ 555,841

See accompanying notes and auditors' report.

Our Town America, A Franchising Corporation
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Shares</u>	<u>Common</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2020	1,000	1	20,299	3,018,427	3,038,727
Net Income				555,841	555,841
Stock Redemption	(303)	(0)	(20,299)	(294,013)	(314,313)
Distributions				(71,726)	(71,726)
Balance at December 31, 2021	697	1	0	3,208,529	3,208,530
Net Income				230,617	230,617
Balance at December 31, 2022	<u>697</u>	<u>1</u>	<u>0</u>	<u>3,439,146</u>	<u>3,439,147</u>

See accompanying notes and auditors' report

Our Town America, A Franchising Corporation
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Net Income	\$ 230,617	\$ 555,841
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Accounts Receivable	(8,624)	25,674
(Increase) Decrease in Tax Refunds Receivable	(277,831)	0
(Increase) Decrease in Prepaid Expenses	(189,750)	0
(Increase) Decrease in Deferred Taxes	(8,228)	12,009
(Increase) Decrease in Receivable from Related Party	0	(335,687)
(Decrease) Increase in Accounts Payable	300	9,663
(Decrease) Increase in Accrued Expenses	19,296	0
(Decrease) Increase in Taxes Payable	2,450	0
(Decrease) Increase in Sponsor Deposits	20,345	0
(Decrease) Increase in Income Taxes Payable	71,812	226,143
Net Cash Provided (Used) by Operating Activities	(139,613)	493,643
 Cash Flows From Financing Activities:		
Cash Received from Notes Receivable	6,000	6,000
Distributions to Stockholders	0	(386,039)
Net Cash Used by Financing Activities	6,000	(380,039)
 Net Increase (Decrease) in Cash and Equivalents	(133,613)	113,604
 Cash and Equivalents, Beginning of Year	2,224,257	2,110,653
Cash and Equivalents, End of Year	\$ 2,090,644	\$ 2,224,257

Supplemental Disclosures of Cash Flow Information:

Interest Paid	\$ -	\$ 571
Income Taxes Paid	\$ 51,170	\$ 18,844

See accompanying notes and auditors' report

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is a franchising organization headquartered in Clearwater, Florida, which provides trademark licensing with the conveyance of a business format to franchisees for relocation services to new movers from local businesses. The franchisee is required to comply with the Company's guidelines governing the operation, appearance, and location of the business. The Company has franchisees operating in various states.

Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting.

Notes and Accounts Receivable

Notes and accounts receivable consist of amounts billed to franchisees and in-house sponsors and accrued unbilled fees, including related service fees. Franchisees are billed for services when the franchise fee period is completed and the franchise fee is processed. The Company performs ongoing credit evaluations of its franchisees' financial condition and generally requires no collateral from its franchisees. Follow-up correspondence is made if unpaid accounts receivable exceeds 3 days. Payments of account receivable are applied to specific invoices.

Notes and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management individually reviews all accounts receivable balances that exceed the due date by 10 days and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or notes receivable. The balance of the valuation allowance is \$5,220 and \$9,348 as of December 31, 2022 and 2021, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation and amortization of property and equipment is provided using straight-line and accelerated methods over the following estimated useful lives of the assets as follows:

Computer Equipment	5 years
Software	3 years

Maintenance, repairs and renewals, which neither materially add to the value of the property nor prolong its life, are charged to expense as incurred.

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the indicators of impairment are present and undiscounted cash flows estimated to be generated by the asset are less than the assets carrying amount. In that event, loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using anticipated cash flows discounted at a rate commensurate with the risk involved.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition

The gross billings that the Company charges its franchisees under its Franchise Agreement include a franchise fee and a royalty. The franchise fee is an up-front payment, which is paid upon entering into the agreement. The royalty is a service fee, which is a percentage of the gross revenue of the franchisee. All fees charged by the Company are invoiced along with the close of each franchise fee period.

As part of the adoption of the Accounting Standards Update (ASU) in 2020, the Company elected to use the following transaction practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Company used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Company expects to recognize such revenue for all periods prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction prices, and allocating the transaction price.

The majority of the Company's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Company's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of this ASU did not have a significant impact on the Company's financial statements. The majority of the Company's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Company expenses advertising costs as they are incurred. For the years ended December 31, 2022 and 2021, advertising costs were \$179,657 and \$220,731, respectively.

Segment Reporting

The Company operates in one reportable segment under the Statement of Financial Accounting Standards (SFAS) no. 131, Disclosures about Segments of an Enterprise and Related Information due to its centralized structure.

NOTE B - CONCENTRATION OF CASH

The Company maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022 and 2021, the Company's uninsured cash balance is \$1,690,644 and \$1,974,257 respectively.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Computer Equipment	\$ 1,365	\$ 1,365
Software	<u>8,361</u>	<u>8,361</u>
Total property and equipment	9,726	9,726
Less accumulated depreciation	<u>(9,726)</u>	<u>(9,726)</u>
Net property and equipment	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense was \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively.

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE D-INCOME TAXES

Effective January 1st, 2017, the Company elected to be treated as a C Corporation.

Income Tax Expense for the Years ended December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Current Federal Income Tax	\$ 69,489	\$ 60,693
Current State Income Tax	16,349	8,921
Tax Assessment-Prior Year	0	4,437
Deferred Income Tax	<u>(8,228)</u>	<u>12,008</u>
Total Income Taxes	<u>\$ 77,610</u>	<u>\$ 86,059</u>

Temporary timing differences between book and taxable income are created due to various items that are recognized differently for tax purposes than book purposes. These temporary timing differences may create a deferred tax liability or a deferred tax asset. The following is a summary of the Company's deferred taxes for the current year:

Description	Beginning of Year Asset/(Liability)	Current year Benefit/(Expense)	End of year Asset/(Liability)
Reserve for Bad Debts	\$ 2,292	\$ (969)	\$ 1,323
Realized Capital Losses	<u>0</u>	<u>9,197</u>	<u>9,197</u>
Net Total	<u>\$ 2,292</u>	<u>\$ 8,228</u>	<u>\$ 10,520</u>

NOTE E – NOTE RECEIVABLE

On December 31, 2017, the Company converted an outstanding accounts receivable balance into a Promissory Note. The Note is interest-free, and is payable in monthly installments of \$500. The balance of the Note Receivable is \$1,000 and \$7,000 as of December 31, 2022 and 2021, respectively.

NOTE F – EMPLOYEE RETENTION CREDIT REFUNDS RECEIVABLE

In December, 2022, the Company filed amended payroll tax returns to claim the Employee Retention Credit, generating tax refunds receivable of \$277,831. These amounts are reported as other income.

NOTE G – RECLASSIFICATION

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Our Town America, A Franchising Corporation

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE H - FRANCHISE FEE REVENUE

Total franchise fee income amounts of \$336,452 and \$309,932 were received during the years ended December 31, 2022 and 2021, respectively. Initial franchise fee income amounts of \$0 and \$0 were received during the years ended December 31, 2022 and 2021, respectively. The number of franchises sold during the years ended December 31, 2022 and 2021 were 0 and 0 respectively. The number of franchises operated during the years ended December 31, 2022 and 2021 were 49 and 49, respectively.

NOTE I – RELATED PARTY TRANSACTIONS

The Company incurs a number of operating costs and expenses by way of allocating a portion of such costs and expenses based on management's judgment and experience in the franchising industry. These expenses allocated from Our Town, Inc., a commonly controlled company, were \$529,099 and \$488,366 for the years ended December 31, 2022 and 2021, respectively. The Company's production costs are also contracted through the same related party, Our Town, Inc.. The production costs were \$4,125,215 and \$3,598,801 for the years ended December 31, 2022 and 2021, respectively.

In addition to the operating and production costs above, the Company has advanced funds to Our Town, Inc. The amount owed from Our Town, Inc. was \$1,316,243 and \$1,316,243 at December 31, 2022 and 2021, respectively.

NOTE J – PPP LOAN FORGIVENESS

On March 1, 2021, the Company was granted a loan in the amount of \$345,500 pursuant to the Paycheck Protection Program (the "PPP"). The Company applied for loan forgiveness by representing and certifying that the Company utilized the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. The entire amount of the Company's PPP loan was considered forgiven as of December 31, 2021 as acknowledged on January 5, 2022.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 10, 2023, the date the financial statements were available to be issued.

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

**FORM OF
FRANCHISE AGREEMENT**

**OUR TOWN AMERICA
FRANCHISE AGREEMENT**

AGREEMENT DATE

NAME OF FRANCHISEE

BUSINESS NUMBER

ADDRESS

MARKET AREA is the following Postal Zip Codes:

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OUR TOWN AMERICA
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is effective as of _____, 20__ (the “Agreement Date”) between OUR TOWN AMERICA, A FRANCHISING CORPORATION, a Florida corporation, (“we,” “us,” “our” or “Franchisor”), and _____, a _____ (referred to in this Agreement as “you,” “your” or “Franchisee”).

1. **INTRODUCTION.**

1.1 **The Our Town America System.** We have developed a system for marketing, promoting, advertising, operating and conducting a business that provides to local businesses direct mail marketing materials and services that promote the local businesses to individuals and families that are new movers or that have indicated a change of address, using: (a) our proprietary *Our Town America* marketing and informational material and personalized direct mail envelopes and their contents which bear the Marks (as defined below), our designs and our information, and (b) other related products and services, including but not limited to postcard and digital advertising (collectively, the “**Products**”) for or related to direct mail advertising and marketing (the “**Our Town Business**” or “**Franchised Business**”). We produce, collate and distribute the Products you sell to your customers and, in our sole discretion, determine the order and content of all Product packages distributed to customers in your Market Area. We by this Agreement license certain trademarks, service marks, and other commercial symbols for use in the operation of *Our Town* Businesses, including the trade and service marks “**Our Town America**” and other associated slogans, logos, designs, symbols, trade dress, trademarks, and service marks, and may create, use and license additional ones (collectively, the “**Marks**”). *Our Town* Businesses operate using the Marks in the manner we designate and operate under and use distinctive business formats, methods, procedures, customer service systems, operating assets, business materials, Computer System (as defined below) (including our system of accounting and business management tools and software or hardware or equipment we designate or approve), designs, e-commerce (as defined below) methods, e-networks, layouts, plans, signs, trade dress, and System Standards (as defined below), all of which we may change, alter, amend, or otherwise modify from time to time (collectively, the “**System**”).

1.2 **Acknowledgments.** You acknowledge and agree that you have read this Agreement and our Franchise Disclosure Document; an investment in a Franchised Business involves business risks; and your business abilities and efforts are vital to the success of the venture.

1.3 **Representations.** We have approved your request to purchase a Franchise (as defined below) to operate a Franchised Business in reliance on all of your representations, including that: (i) all statements you have made and all materials you have submitted to us are accurate and complete; and (ii) you have made no misrepresentations or material omissions in obtaining the Franchise.

1.4 **No Warranties.** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Franchised Businesses. You also agree that you have not received or relied on any representations about us or our franchising program or policies, other than those made in our Franchise Disclosure Document or in this Agreement.

2. **GRANT AND TERM.**

2.1 **Grant.** We grant you a franchise (the “**Franchise**”) to operate a Franchised Business only within the area we designate on the cover page (the “**Market Area**”) using the Marks and System. Subject to Section 2.5, during the Term (as defined below), so long as you are in compliance with this Agreement, neither we, nor our affiliates, will operate, market, promote or sell or grant others the right to operate, market, promote and sell our proprietary direct marketing materials under the Marks to businesses located in the Market Area. If the size of the Market Area decreases because zip codes are split, we have the right to reduce the size of your Market Area accordingly.

2.2 **Gross Monthly Sales and Performance Standards.** In this Agreement, “**Gross Monthly Sales**” means the aggregate of all revenue derived per monthly reporting period we specify from the sale of products and services from all sources in connection with the Franchised Business whether or not collected by you and whether for check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding: (i) all refunds made in good faith, as determined by us; (ii) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid; and (iii) the value of any allowance approved in writing by us that is issued or granted to any customer of the Franchised Business that is credited by you in full or partial satisfaction of the price of any products and services sold to such customer. Each calendar month of each given Term Year (as defined below) during the Term, you must generate the minimum required Gross Monthly Sales listed below from the sale of our proprietary direct mail marketing materials and authorized services to businesses in the Market Area (“**Minimum Gross Monthly Sales**”, and together with the Minimum Monthly Royalty Fee described in Section 6.2, the “**Performance Standards**”):

Term Year	Minimum Gross Monthly Sales
Year 1	\$ 1,666
Year 2	\$ 4,583
Year 3	\$ 5,833
Year 4	\$ 7,166
Year 5	\$ 9,166

Year 6	\$ 11,250
Year 7	\$ 14,166
Year 8	\$ 17,500
Year 9	\$ 22,083
Year 10	\$ 27,500

If you fail to meet the Minimum Gross Monthly Sales for any time period, we may consider that event an incurable default and terminate this Agreement. A “Term Year” shall begin on the month and day of the Effective Date in each year during the Term (as defined below) of this Agreement and end on the day before such month and day in the following year.

2.3 **Term**. The term of the Franchise and this Agreement begins on the Agreement Date and expires ten (10) years from the Agreement Date (the “**Term**”). The word Term includes any extensions of this Agreement. This Agreement may be terminated before it expires only in accordance with its terms.

2.4 **Territorial Restrictions**. Without our prior approval, you must not:

- (a) operate any Competitive Business (as defined below) or other business providing direct marketing materials and services, or the same or similar products or services, except pursuant to another franchise agreement with us;
- (b) knowingly solicit accounts, customers or clients serviced by any other business operated under the Marks, or market, promote, offer or sell proprietary *Our Town America* direct marketing materials or services to any party located outside the Market Area;
- (c) use the System, the proprietary *Our Town America* direct marketing materials or the Marks for any purpose other than to conduct your Franchised Business; or
- (d) use other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales inside or outside of your Market Area.

2.5 **Rights We Reserve**. Notwithstanding anything set forth herein to the contrary, we (and our affiliates) retain the right to:

- (a) operate, and grant franchises to others to operate, *Our Town* Businesses anywhere outside the Market Area and to market to anyone outside the Market Area and to offer and sell any products or services outside the Market Area, regardless of whether such products or services are being sold under the Marks or otherwise;
- (b) operate, and grant franchises to others to operate, businesses inside the Market Area offering and selling products or services other than those sold to you under the *Our Town America* mark;

- (c) operate, and grant franchises to others to operate, businesses offering and selling any products or services, whether inside or outside the Market Area (including via e-commerce), that do not use the Our Town America mark;
- (d) establish co-branding relationships with persons or entities for the operation or establishment of a business offering complementary or related products and services through or in connection with *Our Town*[®] Businesses (“**Co-Branding Affiliates**”). We may require you to enter into co-branding agreements with us or such Co-Branding Affiliates in the form and substance we may prescribe from time to time;
- (e) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within or outside your Market Area under our Marks or otherwise; and
- (f) sell, or grant third parties the right to sell, products and services under the Marks or otherwise to businesses in your Market Area pursuant to Section 2.6.

2.6 **Corporate or Institutional Accounts.** We may also develop a Corporate or Institutional Accounts program. A “**Corporate Account**” or “**Institutional Account**” is a customer or prospective customer that operates in multiple states or that has locations owned or affiliated with the customer located in and outside your Market Area. Regardless of any contrary provision of this Agreement, you and we agree as follows:

- (a) **Territorial Rights.** We or our designee may solicit customers located in your Market Area, whether or not you currently provide products or services to them, including the Products, in order to develop them as Corporate or Institutional Accounts or for products or services we offer through e-commerce. We can also sell or grant third persons the right to sell products and services, including the Products under the Marks or otherwise to Corporate and Institutional Accounts in your Market Area and businesses in your Market Area as long as they are part of a Corporate or Institutional Account. We may require that advertisements of Corporate and Institutional Accounts and of those businesses associated with Corporate or Institutional Accounts be placed in envelopes that may contain advertisements from your customers, without compensation to you, and you must include these advertisements in such envelopes mailed on your behalf as we may designate, irrespective of where the Account or business is located.

2.7 **Affiliation Development.** You agree to cooperate fully with us and to appear at all times, publicly and privately, in support of our development of relationships with, participation in or support of Corporate or Institutional Accounts (collectively, the “**Organizational Associates**”). If we designate, develop, participate in, or support Corporate or Institutional Accounts or other programs in connection with the activities of Organizational Associates or an event for them (collectively, “**Events**”), you agree to participate in or support such Events to the extent we designate. You agree to abide by and follow the rules, regulations,

and procedures for any Event we designate. We may designate prices for any products or services, including the Products offered by, to or through the Events.

3. **SUCCESSOR TERMS.**

3.1 **Successor Franchise.** Upon expiration of the Term, if you want to continue operating the *Our Town* Business and you are in substantial compliance with this Agreement, you may obtain a successor Franchise (a “**Successor Franchise**”) on the terms and conditions we are then using for granting Franchises for franchised businesses operating under the Our Town America logo, except that:

- (a) you will not be required to pay any new initial franchise fee; and
- (b) the successor agreement will be modified to reflect that you already operate an *Our Town* Business, including, but not limited to, new Performance Standards.

3.2 **Grant of a Successor Franchise.** If you want a Successor Franchise you must:

- (a) notify us no later than ninety (90) days before expiration of the Term;
- (b) pay to us a renewal fee of \$2,500 and sign the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises (which will include different fees, royalties and minimum performance requirements), all within thirty (30) days after initial delivery of the foregoing documents to you;
- (c) sign a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns within thirty (30) days after delivery to you;
- (d) satisfactorily complete, at your expense, any new training and refresher programs as we may reasonably require of you (or your Designated Manager (as defined below) approved by us). You are responsible for training, travel, living and compensation costs of attendees;
- (e) at your expense, make such capital expenditures as are necessary to maintain uniformity with any System modifications we require so that the Franchised Business reflects our then-current System Standards and specifications; and
- (f) meet any other requirements we prescribe at that time for the grant of a Successor Franchise.

4. **BUSINESS DEVELOPMENT, DECOR AND OPERATING ASSETS.**

4.1 **Franchise Development.**

You are responsible for developing the Franchised Business. The business structure of Our Town Businesses operating under the Our Town America logo is intended for a home office setting. However, if you lease office space, which we do not recommend, we have the right to approve the space and the space must meet our System Standards. In any event, your home office or office space, if you are operating from other than your home, must be located in your Market Area and cannot be relocated without our prior written consent. We can terminate this Agreement if we do not approve a site for your business within ninety (90) days of the date you sign this Agreement.

4.2 **Customer Service and Business Development.**

You acknowledge that the integrity, accuracy and consistency of customer presentations utilizing the methods and techniques taught during the Initial Training Program, the sales training and the quality of customer service are material to this Agreement and the relationship created hereby. You must maintain the highest standards of quality and service in the operation of your Franchised Business. You must give prompt, courteous and efficient service to customers of the Franchised Business, and adhere to the highest standards of honesty, fair dealing and ethical conduct in all dealings with your customers, vendors and the general public. If we determine that you did not fairly handle a customer complaint, we may intervene and satisfy the customer. You must reimburse us for all costs we incur in satisfying a customer of the Franchised Business pursuant to this Section. We may terminate this Agreement for repeated violations of this Section, or we may terminate this Agreement if, during the course of any twelve (12) month period, five (5) or more customers of the Franchised Business notify us that you have made a material misrepresentation concerning the System or the Franchised Business.

4.3 **Computer System and Products.** You agree that:

- (a) You will not use the Computer System, proprietary *Our Town America* direct marketing materials or other authorized and approved Products for any purpose other than the operation of your Franchised Business and the sale of such marketing materials to customers, all in compliance with this Agreement;
- (b) You will maintain the condition and appearance of the Computer System and all equipment and supplies used in the operation of your Franchised Business in accordance with our System Standards and will clean, repair and replace the foregoing, as necessary;
- (c) You will not reproduce, create, print, distribute, use or provide to current or potential customers of your *Our Town* Business any advertising or marketing materials that we do not designate or approve; and
- (d) You will use our online customer relations management tool to provide us with the name and any other information we may request of any of your

customers. This information must be updated by you on or before the first of the month for customers obtained in the prior month and for any changes to the information of existing customers in the prior month.

5. **ADVERTISING PRODUCTS.**

5.1 **Warranty Limitations.** WE AND OUR AFFILIATES DISCLAIM ANY WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER WRITTEN, ORAL, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, WITH RESPECT TO ANY OF OUR MARKETING MATERIALS, COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THE SERVICES AND FUNCTIONS THEY PERFORM AND THEIR DESIGN. NEITHER WE NOR OUR AFFILIATES ARE LIABLE UNDER ANY CIRCUMSTANCES TO YOU FOR ANY CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR COLLATERAL DAMAGES OF ANY NATURE WHATSOEVER, EVEN IF WE (OR OUR AFFILIATES) ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER THEY ARE BASED IN TORT OR IN CONTRACT. IF WE (OR OUR AFFILIATES) DO NOT CAUSE SUCH MARKETING MATERIALS, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS OR EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR ANY OF OUR AFFILIATES TO PERFORM IN ACCORDANCE WITH THE SPECIFICATIONS, THEN YOUR SOLE RECOURSE AND REMEDY WILL BE FOR US (OR OUR AFFILIATES), AT OUR (OR THEIR) ELECTION, TO REPLACE SUCH MATERIALS, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES WITH ANOTHER ONE WHICH PERFORMS IN ACCORDANCE WITH SPECIFICATIONS. IN NO CASE WILL OUR LIABILITY EXCEED THE COST OF SUCH MATERIALS, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES ON WHICH A CLAIM FOR DAMAGES IS BASED. HOWEVER, WE WILL ASSIGN TO YOU ANY WARRANTIES FROM THE MANUFACTURERS OF ANY OF THE MATERIALS, PRODUCTS, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR SERVICES OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES. THESE WARRANTIES MAY BE VOIDED BY MISUSE, ACCIDENT, MODIFICATION AND FAILURES FOR WHICH WE ARE NOT RESPONSIBLE.

5.2 **No Resale.** Except as in the manner we designate in the Manuals (as defined below), you may not resell, sublease, dispose of, or permit anyone else to use our proprietary direct marketing materials, Software (as defined below) or any other products, equipment or supplies or operating assets or other business materials or equipment you receive from us, our affiliates or designees.

5.3 **Orders; Shipment.** You must place an order in writing to us to order any items from us or our affiliates. No orders will be effective unless we or our designee have

communicated acceptance to you in writing. We make no representations to you regarding the time of shipments of items to you. You must pay all handling, shipping, transportation and insurance costs for delivery to the location you specify of any items you buy from us or our affiliates. You must pay all freight arrangements and charges, including loading and unloading, although we or our designee will schedule the transportation and shipping.

5.4 **Inspection and Acceptance.** You must inspect all items you receive from us or our affiliates immediately when you receive them and promptly notify us or our affiliates in writing of any defects. They will be deemed delivered Ex Works (our dock) Incoterms 2010 and will be accepted by you if we or our designees have not received any claim of defect from you within five (5) days after receipt of the item by you.

5.5 **Risk of Loss.** You assume all risk of loss, theft, damage and destruction for all items you receive from us or our affiliates after delivery pursuant to Section 5.4 above. You must insure them in accordance with the insurance provisions of this Agreement.

5.6 **Franchise Opening.** You may not open the Franchised Business for business until you have complied with all pre-opening requirements set forth in the Manual or pre-opening checklist we may publish and provide to you. You must open your Franchised Business within sixty (60) days from the date you successfully complete the classroom portion of our Initial Training Program.

6. **FEES AND PAYMENTS.**

6.1 **Initial Franchise Fee.** You must pay us an initial franchise fee of \$_____ (the “**Initial Franchise Fee**”) on the Agreement Date. The Initial Franchise Fee is nonrefundable and is fully earned by us when you sign this Agreement. However, we will refund to you fifty percent (50%) of the Initial Franchise Fee if we, in our sole discretion, determine that you are unable to satisfactorily complete our Initial Training Program, we terminate this Agreement as a result of making that determination and you sign a general release.

6.2 **Royalty Fee.** You must pay us a monthly, non-refundable, royalty in the amount of the greater of: (a) five percent (5%) of your Gross Monthly Sales; or (b) the Minimum Monthly Royalty Fee as described below (the “**Royalty Fee**”) throughout the Term. Any Royalty Fee paid in a given calendar month that is greater than the Minimum Monthly Royalty Fee will not be applied to the Royalty Fee due in any subsequent month. You must begin paying the Royalty Fee on the first (1st) day of the month following the month in which you commence operation of your Franchised Business. On or before the last day of each month, we will provide you with a report of your Gross Monthly Sales for the reporting period ending on the last day of the immediately subsequent month, together with an invoice for products and services ordered for which payment is also due, and you will pay the Royalty Fee on the first day of that subsequent month through an Electronic Depository Transfer Account, unless we agree to a different payment method. You must open and maintain an Electronic Depository Transfer Account, and you must provide us with continuous access to such Account for the purpose of receiving payments from you to us. Each month you must make timely deposits to the Account sufficient to cover the amounts you owe us prior to the day such amounts are due. The “**Minimum Monthly Royalty Fee**” due for each month of each given Term Year is set forth in the following chart:

Term Year	Minimum Monthly Royalty Fee
Year 1	\$ 83
Year 2	\$ 229
Year 3	\$ 291
Year 4	\$ 358
Year 5	\$ 458
Year 6	\$ 562
Year 7	\$ 708
Year 8	\$ 875
Year 9	\$ 1,104
Year 10	\$ 1,375

6.3 **Interest/Late Payments.** All amounts you owe us, or our affiliates, will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. You owe us, or our affiliates, a late payment fee of five percent (5%) of the amount due for any delinquencies. The late payment fee is due immediately on any delinquent payments. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Franchised Business. We may not accept late payments. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

6.4 **Payment Offsets.** Notwithstanding any designation you might make, we may apply any of your payments to any past due amounts you owe us. We may set off from any amounts that we may owe you any amount that you owe us or our affiliates, for any reason whatsoever. If you do not timely pay amounts due us under this Agreement, we may discontinue providing any services or selling any products to you, without limiting any of our other rights in this Agreement.

7. **OPERATION AND SYSTEM STANDARDS.**

7.1 **Management and Responsibility for Franchised Business Operations.** You must faithfully, honestly and diligently perform your obligations under this Agreement, continuously exert your best efforts to manage, promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business in compliance with this Agreement. You are obligated to participate personally in the direct operation of the Franchised Business, although you may employ a manager (“**Designated Manager**”) to assist you in the Franchised Business’s day-to-day operations, provided that your Designated Manager has completed our Initial Training Program. This Designated Manager and your other personnel must sign confidentiality and noncompetition agreements enforceable by us, restricting the disclosure of confidential information and competition with you and us to the same extent as you are restricted under this Agreement. You must provide us with an executed copy of each such agreement immediately upon execution by you and your personnel.

7.2 **Compliance with System Standards.** We will loan to you (or make accessible to you electronically), during the Term, one copy of our confidential operations manuals

(collectively, the “**Manuals**”). The Manuals, in any form, are deemed our confidential information and include our trade secrets. You must maintain the Manuals and the information in the Manuals as confidential. You must keep the Manuals current in the manner we prescribe from time to time. You must operate your Franchised Business in accordance with the mandatory specifications, standards, operating procedures, advertising methods, marketing procedures and rules (including methods and procedures for responding to customer complaints) that we prescribe for the development and operation of *Our Town* Businesses and compliance with the System (the “**System Standards**”). The Manuals are designed to protect our System and the Marks, and not to control the day-to-day operation of the Franchised Business.

7.3 **Accounting, Computers and Records**. You must obtain accounting services and any required computer hardware or software (the “**Software**”) we may designate and change, alter or amend from time to time. You must maintain the records specified in the Manuals, including, sales, order processing and expense information. You must use in developing and operating the Franchise the computer equipment, telecommunications equipment, electronic devices, computer hardware and Software that we may periodically specify (collectively, the “**Computer System**”).

We may require you to obtain specified computer hardware or Software and may modify specifications for and components of the Computer System from time to time. We may require you to utilize, contract with or maintain an account with an Internet Service Provider (“**ISP**”) that we designate for purposes of: inspections, audits, making the Computer System accessible by us on-line; conducting e-commerce in accordance with our System Standards and specifications to the extent we permit you to do so; and connecting it to e-networks that we designate. Our modifications and specifications for components of the Computer System may require you to incur cost to purchase or lease new or modified computer hardware or Software and to obtain service and support for the Computer System during the Term. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. We may charge you a fee for modifications of and enhancements made to any Software that we provide you, if any, and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. You will follow all of our policies and procedures for participation in any websites, the *Our Town America* Website or any Internet Presence we specify. You will, at our request and at your expense, enter into website hosting, development or maintenance agreements in the form and content we designate with us or our designees as a condition of participation in such *Our Town America* Website, other websites or any Internet Presence we specify related to the Franchise.

7.4 **Trade Accounts and Taxes**. You must maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You must timely pay all taxes incurred in connection with your Franchise’s operations. If you fail to maintain your trade accounts in a current status, timely pay taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, you must reimburse us for such amounts. You must repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts we may owe you.

7.5 **Approved Products.** You agree not to sell, use or distribute any advertising or products or services, including envelopes and any samples of the foregoing, that we have not previously approved for sale, use or distribution in your Franchised Business. You agree not to, without our prior written consent, sell, dispense, give away or otherwise provide our proprietary direct marketing materials, or any related products or services or other items except by means specifically authorized by us in writing through this Agreement, our Manuals or otherwise in accordance with this Agreement. You will immediately implement changes we require, from time to time, to the approved advertising, marketing materials and services that we authorize you to provide.

7.6 **Equipment; Supplies and Approved Suppliers.** All equipment, computer hardware and Software, insurance, advertising and marketing materials and other printed items you use in your Franchised Business must meet our specifications as they may be provided to you from time to time. From time to time we may provide you with a list of approved suppliers of these items and other items or services necessary to operate your Franchised Business. The approved source of supply for any individual item may be us, an affiliate of ours, or an independent third party. You may use sources of supply other than those previously approved by us, if the other source of supply supplies items or services substantially of the same quality and specifications as those supplied by our approved supplier, with the exception of our proprietary direct marketing materials, including any samples, the *Our Town America* Starter Kit, the accounting software, advertising materials and any other items that we may designate from time to time, which will be sold to you solely by us, an affiliate or a third party. We do not contemplate approving another source of supply for any of these items. You also further acknowledge that we may only approve one source of supply for various items and this may be us or an affiliate. You must obtain our prior written approval to use a supplier not previously approved by us and, as a precondition of the granting of approval, we may require the supplier to submit to us samples of products or services it proposes to supply to you for use in your Franchised Business. We will not be liable for damages caused by our failure, the failure of an affiliate or an approved third party, to make available for purchase any item or service.

7.7 **Employees.** You are solely responsible for determining who to hire, how to compensate those individuals, how much to compensate those individuals, the terms of their employment and working conditions, the supervision of the individuals, the setting of work schedules, the maintenance of employment records, when and how to discipline those individuals, and when and how to terminate the employment of those individuals. These individuals are not our agents or employees and we are not a joint employer of these individuals. You must post a written notice at the Franchised Business notifying all of your employees that they are your employees not our employees. If you operate from a home office, you must provide this notice to each of your employees at the time they begin working for you. The content of this notice must be approved by us and so must the location, if you operate from other than a home office. If required by us, you will obtain a written acknowledgement from each of your employees acknowledging that the employee is your employee not our employee. You are solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. You acknowledge that you are not economically dependent on us, and that we do not provide facilities, equipment or house or transport your employees or provide tools or materials to your employees required for your employees to perform services for you.

7.8 **Programs.** You must participate in, comply with all terms and conditions of, and pay all charges related to, all mandatory programs we may require you to participate in from time to time. You may also participate in all optional programs we offer provided you comply with all terms and conditions of, and pay all charges related to, these optional programs. The terms and conditions of any programs, as well as the programs themselves, may be modified or terminated at any time by us in our sole and absolute discretion.

8. **MARKETING AND PROMOTION.**

8.1 **Advertising Standards.** All marketing materials must be clear, factual and not misleading and conform to the highest standards of ethical marketing and the Standards we prescribe from time to time. Samples of all marketing materials that we have not prepared or previously approved for your Franchised Business must be submitted for our approval before you use them. If you do not receive written disapproval within fifteen (15) days after we receive the materials, we will be deemed to have given our approval. You may not use any marketing materials that we have disapproved. We encourage franchisees to form local and regional advertising cooperatives to collectively promote their *Our Town* Businesses, and you hereby agree to join and actively participate in the local or regional cooperative that geographically includes all or a portion of your Market Area. If at the time this Agreement is executed, a local or regional advertising cooperative has not been established to include your Market Area, you hereby agree to join and actively participate in the advertising cooperative within the locality or region encompassing your Market Area at such time one is established. Contributions made by you to your local or regional advertising cooperative shall decrease on a dollar for dollar basis the amounts due to us under Section 8.3.

8.2 **Local Advertising Requirement.** You must continuously promote your Franchised Business through local advertising, promotions and public relations within your Market Area (“**Local Advertising**”). Such expenditures shall be made directly by you, subject to our approval and direction, and we will provide general guidelines for conducting Local Advertising and provide to you samples of the Products and other promotional and marketing materials that we develop from time to time to assist you with your sales efforts.

8.3 **Marketing Fund.**

- (a) **Contribution.** You must contribute one percent (1%) of your Gross Monthly Sales to the *Our Town America* Marketing Fund throughout the Term. On or before the last day of each month, we will provide you with a report of your Gross Monthly Sales for the reporting period ending on the last day of the immediately subsequent month, together with an invoice for products and services ordered for which payment is also due, and you will pay the Marketing Fund contribution on the first day of that subsequent month through an Electronic Depository Transfer Account that you must maintain. Disbursements from the Marketing Fund will be made for the payment of expenses incurred in connection with the general promotion of the Marks, including: (i) development and production of advertising and promotional materials; (ii) the cost of formulating, developing and implementing advertising campaigns, including Internet advertising and search engine optimization; (iii) the cost of formulating,

developing and implementing promotional and public relations programs; (iv) market research; (v) updates and redesigns (but not administration) of our or our affiliate's website; (vi) at our option, reimbursement of all or part of each franchisee's cost of purchasing promotional materials used in connection with promotional programs authorized by us; and (vii) the reasonable cost of administering the Marketing Fund, including accounting expenses, the cost of salaries and fringe benefits paid to our employees engaged in administration of the Fund, including creation of marketing or promotional items and overhead allocated to advertising activities.

- (b) **Management and Creative Concepts.** All sums paid by you to the Marketing Fund shall be maintained in an account separate from our general account. The Marketing Fund will be managed by us, and we will have absolute discretion over the administration of the Fund. We shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an *Our Town America* Website or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All sums remaining in the Marketing Fund for any particular year will be carried forward for use during the next year. We have no obligation to ensure that expenditures from the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund made by our franchisees operating in that geographic area or that any franchisee will benefit directly or in proportion to its contributions to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising.

8.4 **Websites.**

- (a) We have the right to control your use of URL's, domain names, websites, web pages, addresses, metatags, links, e-mail addresses, social media and social networking sites, online directories, avatars, review and opinion pages or sites, account names, profiles, including online business profiles, hashtags and any other means of electronic identification or origin ("e-names"), and you may not use any of the Marks as part of any such e-names without our prior written approval. We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, virtual worlds, metaverses, wireless technology, digital cable, use of e-names, e-mail, websites, including review and opinion pages or sites, home pages, social media and social networking sites, accounts and profiles, including online business profiles, avatars, hashtags, bulletin boards, chatrooms, linking, framing, on-line

purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software relating to or referencing our Marks, the System or the Franchised Business. (collectively, “**e-commerce**”). (“e-names” and “e-commerce” are referred to herein collectively as an “**Internet Presence**”). You must follow all of our policies and procedures for the use and regulation of an Internet Presence. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in activities constituting an Internet Presence associated with the Marks or the System which we may designate. We may restrict your use of an Internet Presence to a centralized website, portal or network or other form of Internet Presence designated by us or operated by us or our designee relating to or referencing our Marks or the Franchised Business. We may require that you provide information to us via the Internet. We may charge you our then current fees for the e-commerce activities we designate. We may require you to obtain the services of and pay the then current fees for ISP, ASP, SaaS, and PaaS services. You recognize and agree that between you and us, we own all rights and all interest in and to any data collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data and hits. Such information is deemed by us to be and constitutes our Confidential Information (as defined below). You acknowledge and agree that any Internet Presence constitutes advertising under this Agreement. Any Internet Presence you utilize must meet all terms and conditions for advertising described in this Agreement. You must not establish an Internet Presence without our prior written approval of its form, content and information presented due to our substantial interest in protecting the Marks, the System and the Confidential Information. We may require you to remove, delete or modify any Internet Presence, or any information, content or post thereon. We may require you to participate in one or more centralized website(s) operated by us (“**Our Town America Website(s)**”), without any compensation to you. We will retain sole ownership of any Internet Presence that includes all or a portion of any Mark, or a word, phrase or symbol confusingly similar thereto, as part of the domain name (a “**Franchisor Website**”), as well as any name related thereto and content thereon or associated therewith, which will revert to us at the time this Agreement expires or is terminated. We may refuse to permit you to operate or establish any Internet Presence.

- (b) We may permit you to or require that you participate in our or our affiliates’, if any, e-commerce based system, provided you are in full compliance with the terms of this Agreement. We may limit any activities by you that would constitute an Internet Presence if they relate to the Franchised Business, System or Marks in any way whatsoever. We, at our

option, may develop, operate, host or maintain website(s) or other Internet Presences for utilization by *Our Town* Businesses or our affiliates, if any. We make no warranties, express or implied, concerning the information contained in any sales systems, the *Our Town America* Website, other websites, or any other Internet Presence, and will not bear liability or responsibility for: (a) errors or omissions of information contained in any of our sales systems, the *Our Town America* Website, or any other Internet Presence; or (b) computer hardware, software or system failures in connection with any sales system, the *Our Town America* Website, other websites or any other Internet Presence that may be established by us in connection with such sales or communication systems or the System. We may charge you additional fees in connection with the establishment, implementation and your use of such sales systems, the *Our Town America* Website, any other website or other Internet Presence. We may require that you purchase (or license in the manner we designate) the Computer System including computer hardware, the Software, ISP and telecommunications services and products from approved or designated suppliers as a condition of participation in the *Our Town America* Website, any other website or any other Internet Presence, or sales or communication system relating to the Franchised Business, System or Marks.

- (c) If this Agreement is transferred, expires or terminates for any reason, you must immediately stop using any website and any Internet Presence directly or indirectly related to *Our Town* Businesses or the System, or any form of Internet Presence that is linked to any of our websites or the website of any of our franchisees. You agree to cooperate in the transfer to us or our designee of any Internet Presence that you control.
- (d) We reserve the right to establish an Internet Presence for any purpose including promoting the development, growth, sales and solicitation of Franchises; monitoring your performance under this Agreement and other purposes we designate from time to time. We may, but have no obligation to permit you to participate in, charge you a fee for, or pay you any monies for your participation in any Internet Presence.

9. TRAINING AND ASSISTANCE.

9.1 **Initial Training.** Before the Franchise opens, we will furnish at a location we designate up to approximately nine (9) days of initial training (including four and one-half (4½) to five (5) days of classroom training and approximately five (5) days of on-the-job training) (the “**Initial Training Program**”) for the operation of an *Our Town* Business to you (or at least one (1) of your owners) and one (1) additional person who must be your Designated Manager, if you have one. You and your Designated Manager, if any, must complete the classroom portion of our Initial Training Program to our satisfaction within ninety (90) days after you sign this Agreement.

9.2 **Field Training and Telephone Assistance.** We will make available to you, at our expense, within ninety (90) days after the commencement of your Franchised Business operations one (1) of our representatives, who may be a franchisee, for up to approximately five (5) days in your Market Area for the purpose of providing the on-the-job training portion of our Initial Training Program. This will include general assistance and guidance in connection with the opening and continued operation of the Franchised Business. For the initial ninety (90) days following your successful completion of the classroom portion of the Initial Training Program, we will be available by telephone during our regular business hours to answer questions you may have in the start-up of your Franchised Business. If this Agreement is for the operation of your second or a subsequent *Our Town* Business, we can waive the Initial Training Program and assistance requirements in Sections 9.1 and 9.2.

9.3 **Additional Training.** If you request additional training, we will provide such training as we deem necessary or appropriate, and you will pay the charges we impose for this training. You will be responsible for all travel and living expenses you and your attendees incur in connection with any training. We may require you, your owners or employees to attend periodic refresher training courses at such times and locations that we designate, and you will pay at the time we specify the then-current charges we impose for such courses.

9.4 **Periodic Conferences.** We reserve the right to conduct periodic conferences and continuing education meetings at locations and on dates we specify for all franchisees operating Franchised Businesses and to provide additional training programs for these franchisees during such conferences and meetings. Your attendance at these conferences and continuing education meetings, if any, is mandatory, and you will be required to pay a registration fee to help defray our costs. You will be responsible for your and any of your other attendees' travel, hotel accommodations and living expenses during these conferences.

10. **TRADEMARKS AND COPYRIGHTS.**

10.1 **Ownership and Goodwill.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable System Standards and procedures we prescribe from time to time. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. Your use of the Marks and any goodwill established by such use will be exclusively for our benefit. This Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

10.2 **Limitations on Use.** You agree to use the Marks in the manner we designate. You agree to identify yourself as the independent owner of a Franchised Business in the manner we prescribe. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we provide to you specifically for that purpose), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Franchise or an ownership

interest in you or your Franchised Business. You must display the Marks prominently in the manner we prescribe on supplies or materials we designate and in connection with forms and advertising and marketing materials. You must give such notices of trade and service mark registrations as we specify and obtain any fictitious or assumed name registrations required under applicable law. You must strictly comply with all of our policies and procedures relating to the use of the Marks, including those relating to an Internet Presence.

10.3 **Copyrights**. You recognize that our proprietary direct marketing materials and other authorized and approved services we or our affiliates sell or otherwise provide to you, or permit you to sell or otherwise distribute, are subject to copyrights we own or license (the “**Copyright Materials**”). Your right to offer, sell or use the Copyright Materials is derived solely from this Agreement and limited to the operation of your Franchised Business. Your unauthorized use of the Copyright Materials will be a breach of this Agreement and an infringement of our rights in and to the Copyright Materials. This Agreement does not confer any rights to the Copyright Materials in you other than the right to use them in connection with the operation of your Franchised Business. You must follow all of the policies and procedures we designate from time to time for the protection of any material that could be subject to copyright protection. All provisions of this Agreement applicable to your use of the Copyright Materials apply to any additional materials we authorize you to use during the Term. You must place copyright notices on all of the materials that we designate in the manner we require. You recognize that we will grant other *Our Town* Businesses the right to use, sell or offer our proprietary direct marketing materials and approved services we designate. You agree to sign and deliver to us such forms of copyright assignments or licenses we specify for any advertising or marketing products or services you develop or modify for use in your Franchised Business.

10.4 **Infringements**. You must notify us immediately, in writing, of any apparent infringement of any of the Marks or Copyright Materials, or any challenge to your use of any of the Marks or Copyright Materials, or of any claim by any person of any rights in any Marks or Copyright Materials. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have the sole right to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Patent and Trademark Office, U.S. Copyright Office or ICANN dispute resolution proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Marks or Copyright Materials, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Marks or Copyright Materials or otherwise to protect and maintain our interests in the Marks or Copyright Materials. You may not at any time during the Term or thereafter, contest the validity or ownership of any of the Marks or Copyright Materials, or assist any person in contesting the validity of ownership of any of the Marks or Copyright Materials.

10.5 **Indemnification**. We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your use of any Mark or Copyright Materials, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or Copyright

Materials infringes their trademark rights or copyrights, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

10.6 **Discontinuance of Use of Marks.** If it becomes advisable at any time for us to modify or discontinue the use of any Mark or any of the Copyright Materials and/or use one or more additional or substitute marks or other materials, you agree to comply, at your sole cost, with our directions within a reasonable time after receiving notice. If the modification or discontinuance is to “Our Town America”, or any replacement mark therefore, the new mark shall be deemed to replace all references to “Our Town America”, or such replacement mark (other than with respect to our corporate name, unless otherwise changed).

11. **CONFIDENTIAL INFORMATION.**

11.1 **Types of Confidential Information.** We have developed certain confidential and proprietary information to be used in the establishment and operation of *Our Town* Businesses (the “**Confidential Information**”). We have the right to use and impart the Confidential Information, which includes without limitation, the System and the know-how related to its operation, including: plans, specifications, suppliers, sources, design, components or performance characteristics of *Our Town* Businesses, the Products, advertising, marketing and promotional programs for *Our Town* Businesses; any computer Software programs we or our affiliates provide or recommend for use in *Our Town* Businesses (including the Software) and the hardware specifications for running such software; methods, techniques, formats, specifications, standards, systems, procedures, information, sales and marketing techniques, and knowledge of and experience in the development, operation, staffing and franchising of *Our Town* Businesses, including our System Standards; training materials, programs and conference materials designed for personnel of *Our Town* Businesses; all information contained in and contents of all of the Manuals; and knowledge of operating results and financial performance of *Our Town* Businesses, other than your *Our Town* Business.

11.2 **Disclosure, Guidance and Improvements.** We will disclose Confidential Information to you by furnishing the Manuals to you and by providing training, guidance and assistance to you for the Franchised Business. We will from time to time advise and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods with respect to the Franchised Business. Such advice and guidance may consist of knowledge and experience relating to the authorized services or Products, as well as operational methods, accounting procedures, and marketing and sales strategies. We consider all of this information to be Confidential Information. In addition, in the course of the operation of your Franchise, you or your personnel may develop ideas, concepts, methods, techniques or improvements (“**Improvements**”) relating to your Franchise or directly or indirectly relating to the System, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of *Our Town* Businesses. Improvements will then also constitute Confidential Information.

11.3 **Confidentiality Obligations.** You acknowledge and agree that the Confidential Information is proprietary, constitutes, describes or is part of trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree that you will not use the Confidential Information in any other business or capacity; will maintain the absolute confidentiality of the Confidential Information during and after the Term; will not make unauthorized copies of any portion of the Confidential Information; and will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including strictly following all of our policies and procedures.

11.4 **Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

12. **EXCLUSIVE RELATIONSHIP.** You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among those operating Franchised Businesses if owners of *Our Town* Businesses were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. During the Term, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

- (a) have any direct or indirect interest as an operator, owner, employee, consultant or otherwise in a Competitive Business, other than the Franchise;
- (b) have any direct or indirect interest in any entity or otherwise which is granting franchises or licenses to others to operate a Competitive Business; or
- (c) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located.

The term "**Competitive Business**" as used in this Agreement means any business engaged in the sale of services or products,, that are the same as, similar to or competitive with those offered by businesses operated under the Marks, which shall include all of the Products, including any business that offers, sells, markets or advertises direct marketing materials or related services or systems, including any such business operating in whole or in part via e-commerce (other than a business operated by Franchisee under a valid franchise agreement with us).

13. **RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

13.1 **Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats

we prescribe from time to time. We may require that your bookkeeping, accounting and record keeping system be fully integrated into and accessible on-line via the Computer System. We may require you to use approved computer hardware and Software in order to maintain certain sales data and other information and for communication purposes.

13.2 **Reports.** You, at your expense, agree to furnish to us on such forms that we prescribe from time to time in the manner and within such time periods as we designate in the Manual, such reports, data, documents, books, records or other information that we may periodically require.

13.3 **Access to Information.** You agree to verify and sign each report, document or financial statement in the manner we prescribe and at our request to provide to us copies of all sales, income and other tax returns and other records we designate relating to you or the *Our Town* Business, or your owners if you are a Business Entity (as defined below). We can also require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports you have provided are incorrect. You understand and acknowledge that we may use any and all financial and other information provided to us by you and obtained by us related to you and your Franchised Business operations in any manner and for any purpose we, in our sole judgment, deem appropriate, including, but not limited to, sharing with other franchisees such information and your identity and the identity of the Franchised Business from which the information was generated.

13.4 **Ownership of Information.** All information we obtain from you or about the Franchised Business or its customers, or otherwise related to your Franchised Business, and all revenues we derive from your Franchised Business are our property. You may use information that you acquire from third parties in operating your Franchised Business, such as customer data, at any time during the Term to the extent lawful and at your sole risk and responsibility, but only in connection with operating your Franchised Business for the purposes under this Agreement. This information (except for information you provide to us with respect to yourself and your affiliates) shall become Confidential Information of ours, which we may use for any reason we deem necessary or appropriate. You must comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional and national requirements applicable to the Franchised Business (“**Privacy Laws**”). In addition, you must comply with our System Standards and policies pertaining to the privacy and security of personal information, customer relationships and Privacy Laws in the operation of the Franchised Business.

13.5 **Customer Information.** Upon our request, you must provide to us all information we request related to your Franchised Business including, but not limited to, lists of names and contact information for the customer and prospects of your Franchised Business. Information must be provided in the form and at the times we specify.

14. **INSPECTIONS AND AUDITS.**

14.1 **Our Right to Inspect the Franchise.** To determine whether you are complying with this Agreement and all System Standards, we can at any time, without notice, during your regular business hours:

- (a) Inspect, observe, photograph or videotape the Franchised Business and its personnel or monitor your activities in any manner we choose whenever located in connection with the Franchise, for such consecutive or intermittent periods as we deem necessary;
- (b) remove samples of any operating assets, our proprietary direct marketing materials or any other inventory, materials or supplies for testing and analysis;
- (c) interview personnel and customers of your Franchised Business; and
- (d) access, inspect and copy any books, records, computer systems, and other aspects of the Franchised Business, websites, any Internet Presence you maintain or have maintained, and documents relating to your operation of the Franchised Business.

You agree to cooperate with us in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to customers of the Franchised Business such evaluation forms that we periodically prescribe and to participate and/or request customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within five (5) days of our notice to you. At our discretion and without notice, we may make periodic visits to the Franchised Business for the purpose of consultation, assistance and guidance in various aspects of the operation and management of the Franchised Business. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any deficiencies that become evident as a result of any such visit.

14.2 **Our Right to Audit.** We can at any time during your business hours, inspect and audit, or cause to be inspected and audited, the Franchised Business's bookkeeping and accounting records, sales and income tax records and returns and other records and if you are a Business Entity (as defined below), those of your owners. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If any audit discloses an understatement of the Gross Monthly Sales of the Franchised Business for any period or periods, you, within ten (10) days of receipt of the audit report, will pay to us all amounts due on all previously underreported Gross Monthly Sales plus interest as set forth in this Agreement. In addition, if an understatement for any period equals three percent (3%) or more of the Gross Monthly Sales of the Franchised Business for the period, you agree to reimburse us for the cost of such inspection or audit, including, the charges of attorneys, independent accountants, investigators and others we hire to conduct such inspections or audits, and the travel expenses, room and board and compensation of our employees. You must pay us any shortfall in the amounts you owe us, including late fees and interest, upon demand. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

15. **OWNERSHIP AND TRANSFER REQUIREMENTS.**

15.1 **Transfer by Us.** This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom we transfer it, or to any other legal successor to our

interest in this Agreement. If we transfer this Agreement, we will have no further obligation to you.

15.2 **Transfer by You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on your character, skill, aptitude, attitude, business ability, and financial capacity (and if you are a Business Entity on these qualities of your owners). Therefore, neither this Agreement (any interest in it), your *Our Town* Business (any interest in it), nor any part or all of the ownership of your Franchise may be transferred, directly or indirectly, without our prior written approval, and any such transfer or attempted transfer without our prior written approval constitutes a breach of this Agreement, and will convey no rights to, or interests in, this Agreement, the *Our Town* Business or the Franchise and will be null and void.

As used in this Agreement, the term “**transfer**” means and includes the voluntary, involuntary, direct or indirect, assignment, sale, or other transfer by you of: (a) any interest in this Agreement; (b) any part or all of the ownership of the Franchise; (c) your *Our Town* Business or any interest in it; or (d) our proprietary information or materials. An assignment, sale, or other transfer also includes: (i) the transfer of ownership of capital stock or partnership interests or any other form of ownership in your *Our Town* Business or any Business Entity that directly or indirectly owns the *Our Town* Business; (ii) merger or consolidation, or issuance of additional securities representing an ownership interest in your *Our Town* Business or any Business Entity that directly or indirectly owns the *Our Town* Business; (iii) transfer of interest in you or your *Our Town* Business in a divorce proceeding or otherwise by operation of law; or (iv) transfer of an interest in you or your *Our Town* Business in the event of the disability or the death of any owner of the *Our Town* Business by will, declaration of or transfer in trust, or under the laws of intestate succession.

15.3 **Conditions for Approval of Transfer.** If you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer that meets all the applicable requirements of this Section and our requirements for transfer as specified by us from time to time in the Manuals. The proposed transferee or its owner(s) must be of good moral character and otherwise meet our then-applicable System Standards for transferees of Franchised Businesses. You must provide us with a minimum of sixty (60) days prior written notice of any proposed transfer with all of the information pertaining to the proposed transfer. If the transfer is of this Agreement or of a controlling interest in you, or is one of a series of transfers that in the aggregate constitute the transfer of a controlling interest in you, all of the following additional conditions must be met prior to, or concurrently with, the effective date of the transfer:

- (a) the transferee must enter into our then current form of franchise agreement for the remainder of the Term of this Agreement, and all related documents, and such other agreements with us as are required to operate the *Our Town* Business, and you must pay us and our affiliates all amounts outstanding;
- (b) you must pay us a transfer fee of \$6,500;

- (c) you must pay us a transferee training fee of \$1,500 to reimburse some of our costs incurred in providing an Initial Training Program for the transferee;
- (d) the transferee must purchase from us or our designee the Computer System and in such quantities as we may designate, such *Our Town America* advertising products, materials and supplies as we deem necessary to meet our then current System Standards;
- (e) you and your owners (or, if in the event of death or disability, your estate or guardian) must execute a general release, in form satisfactory to us, of any and all known and unknown claims against us, our affiliates, and our and their officers, directors, employees, and agents;
- (f) we must approve the material terms and conditions of such transfer (which approval will not be given if the price and terms of payment are so burdensome as to adversely affect the future operations of the *Our Town Business* by the transferee); and
- (g) you and your transferring owners must sign and deliver to us a written agreement in favor of us and the transferee, agreeing for a period of not less than two (2) years, commencing on the effective date of the transfer, to comply with the post-term competitive restrictions described in this Agreement.

If the transfer is caused by the death or incapacity of Franchisee (or in the case of a partnership, corporation or limited liability company, by the death or incapacity of one controlling more than forty-nine percent (49%) of the voting interest of Franchisee), the provisions of this Section 15.3 must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder within sixty (60) days after the death or incapacity of Franchisee. Provided, however, if the heir or personal representative transfers its interest in the Franchise within sixty (60) days after the death or incapacity of Franchisee, the person to whom the interest is transferred, and not Franchisee's heir or personal representative, must comply with the provisions of this Section 15.3.

16. **TERMINATION OF AGREEMENT.**

16.1 **We May Terminate Upon Failure to Cure.** This Agreement will automatically terminate on your failure to fully and timely comply with this Agreement or any other agreement with us or our affiliates, or any of the System Standards if you fail to cure the breach within thirty (30) days of our notice to you of such breach, except that the cure period shall only be ten (10) days for payment defaults; provided, however, the foregoing cure periods shall not apply in the event of the occurrence of any of the events in Section 16.2. Examples of grounds for our termination of the Agreement include, your failure to pay when due any payments due to us or our affiliates, your failure to pay when due any federal or state income, service, sales or other taxes arising from operation of your *Our Town Business*, unless you are in good faith contesting your liability for such taxes, or, except as set forth in Section 16.2(k) below, you do not complete

to our satisfaction or you fail to attend, without good cause in our judgment, any mandatory training program or conference.

16.2 **We May Terminate Upon Notice.** Without limiting any of our rights described herein, and in addition to our other termination rights herein, we may terminate this Agreement immediately on notice to you, and without any right to cure: (a) if you submit any reports or annual financial statements, income tax returns or other reports and records that understate by three percent (3%) or more Gross Monthly Sales, or otherwise furnish to us information containing material misstatements or omissions; (b) if you repeatedly fail to conform or adhere to any one or more of the System Standards or any other provision of this Agreement or any other agreement with us or our affiliates (after we have previously notified you of the noncompliance and even though you may have cured previous noncompliance); (c) if you make an unauthorized transfer; (d) if you abandon, surrender or transfer control of the operation of your *Our Town* Business without our advance written approval, otherwise fail to continuously and actively operate your *Our Town* Business for a period of five (5) or more consecutive days, or fail to generate at least three new customer accounts during any ninety (90) day period, measured on a rolling ninety (90) day basis, during the Term; (e) if you have made any material misrepresentation or omission in applying for the Franchise; (f) if you file a voluntary or involuntary petition in bankruptcy or have a petition in bankruptcy filed against you or you otherwise make an assignment for the benefit of creditors or experience any act of insolvency or enter into any proceedings for the benefit of creditors; (g) if you are convicted by a court of or plead no contest to a felony, or other crime or offense that is likely to adversely affect your reputation, our reputation, or the reputation of your *Our Town* Business or any other *Our Town* Business; (h) if you engage in any dishonest or unethical conduct that may adversely affect the reputation of your *Our Town* Business or any other *Our Town* Businesses, or the goodwill associated with the Marks; (i) if you fail to timely pay for purchases, or other amounts due us (or our affiliates), on three (3) or more separate occasions within a twelve (12) month period after we have notified you of such a default; (j) if you make any unauthorized use, duplication or disclosure of any Confidential Information, the Marks, or the Manuals; (k) if you fail to complete the classroom portion of the Initial Training Program to our satisfaction within ninety (90) days after you sign this Agreement or you fail to commence your Franchised Business within sixty (60) days from the date you complete the classroom portion of our Initial Training Program; (l) if a court of proper jurisdiction declares invalid or unenforceable any part of this Agreement relating to either: (x) the payment of fees; or (y) the preservation of any trade names, service marks, trademarks, or trade secrets; (m) any license you are required to have in order to operate is suspended or revoked or you have received notice from regulatory authorities indicating your license to operate will be terminated or canceled and you do not, or cannot, cure the deficiencies or violations within the time limits imposed; or (n) if you fail to achieve, or fail to make such payments required under, the Performance Standards.

16.3 **You May Terminate Upon Failure to Cure.** If we commit a material breach of this Agreement which is not cured within sixty (60) days after you have delivered written notice to us describing our breach, you may terminate this Agreement effective ten (10) days after delivery of a written termination notice to us, provided that you are in full compliance with the terms of this Agreement.

17. **RIGHTS AND OBLIGATIONS UPON TERMINATION.**

17.1 **Payment of Amounts Owed to Us.** You agree to pay us or our affiliates within seven (7) days after the effective date of termination of this Agreement, any amounts owed to us or our affiliates, which are then unpaid.

17.2 **No Continued Revenue.** You acknowledge and agree that after termination of this Agreement, you will not be entitled to receive and you will not receive any income from the sale or continued placement of any direct marketing materials for or on behalf of any person within your Market Area or to any person outside your Market Area to whom you provided any such materials or services during the Term. If you receive any payment for *Our Town America* direct marketing materials that were provided after the date of termination of this Agreement, you must immediately forward that payment to us.

17.3 **Marks.** After termination of this Agreement, you must: (a) not directly or indirectly at any time identify yourself or any business with which you are associated as a current or former franchisee of ours; (b) not use any Mark or Copyright Materials or any colorable imitation of any Mark or Copyright Materials in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us; (c) within seven (7) days, return to us or destroy (whichever we specify) all forms and materials containing any Mark or copyright or otherwise relating to an *Our Town* Business office; and (d) maintain records of all customers and prospects of your *Our Town* Business for a period of five (5) years.

17.4 **De-Identification.** After termination of this Agreement, you must comply with the following:

- (a) **Identification:** You must not directly or indirectly at any time or in any manner identify yourself or any business as a current or former *Our Town* Business, or as a franchisee of us or our affiliates, or formerly as a franchisee or dealer of us or our affiliates, nor use any Mark or Copyright Materials, any colorable imitation of the Marks or Copyright Materials or other indicia of an *Our Town* Business in any manner or for any purpose or utilize for any purpose any Copyright Materials, Mark or other commercial symbol that suggests or indicates a connection or association with us or our affiliates.
- (b) **Name Cancellation:** You must take such actions as we may require to cancel all fictitious, corporate or assumed name or equivalent registrations relating to your use of any of the Marks.
- (c) **Materials and Supplies:** You must return to us all supplies identified by or containing any of the Marks in full cases or packages for credit to you at actual cost and dispose of all other supplies identified by or containing the Marks, including any Copyright Materials, within forty-five (45) days after termination of this Agreement. You must also give us copies of all customer and prospect records for the five (5) years preceding the date of termination.

- (d) **Telephone Numbers and Websites:** If you have used a telephone number for your Franchised Business separate from your home telephone number (the “**Telephone Number**”), you must cooperate with us to transfer your listing and Telephone Number to us. You must take all actions as may be necessary to assign and transfer to us all registrations, listings, accounts and/or profiles for any Franchisor Website, and provide us access thereto. You authorize us and appoint us and our officers as your attorneys-in-fact to direct the telephone company, all telephone directory publishers, all listing agencies, registrars and operators to transfer the Telephone Number, directory listings and Franchisor Websites, including access thereto, to us at our direction. If you fail or refuse to do so, all telephone companies, telephone directory publishers, listing agencies, registrars and operators may accept such direction or this Agreement as conclusive proof of our exclusive rights in such telephone numbers, directory listings and Franchisor Websites in our authority to direct their transfer.
- (e) **Computer System.** You must immediately terminate your use of any aspects of your Computer System that are proprietary to us or our affiliate. You must also remove or destroy, in the manner we designate, all Copyright Materials and all other materials and data that utilize or contain any of the Marks that are stored in any aspect on the Computer System.

17.5 **Confidential Information.** You agree that on termination of this Agreement you will immediately cease to use any of the Confidential Information, including customer data, and will not use it in any business or for any other purpose. You further agree to immediately return to us your copies of the Manuals and any other Confidential Information, including customer data, and immediately destroy all copies of any Confidential Information used by you during the time you were an Our Town America franchisee.

17.6 **Post-Term Competitive Restrictions.** In the event of termination of this Agreement, you (and each owner of any Business Entity that is the Franchisee) agree that for a period of two (2) years after the effective date of termination, neither you, nor any member of your immediate family, nor any owner, or member of their immediate family, if you are a Business Entity, will:

- (a) engage in a Competitive Business, directly or indirectly, on behalf of yourself or any other person or as an employee, proprietor, owner, partner, agent, contractor, employer, consultant, affiliate, franchisor, franchisee, director, officer or associate, that is located or doing business within the Market Area, which for the avoidance of doubt includes the location of the former Franchised Business, or within a ten (10) mile radius of the Market Area;
- (b) have any direct or indirect interest in any entity granting franchises or licenses to operate a Competitive Business that is located or doing business within the Market Area or within an area that is within a ten (10) mile radius of the Market Area or that grants franchises or licenses to

operate a Competitive Business that is, or will be, located in the Market Area or within a ten (10) mile radius of the Market Area;

- (c) directly or indirectly, on behalf of yourself or any other person, solicit, divert, take away, or interfere with any of the business, customer, referral source, client, contractor, trade or patronage of ours, our affiliates or any of our franchisees as of the date of termination.

Notwithstanding the foregoing, the ownership of other *Our Town* Businesses under agreements with us, and the aggregate ownership of five percent (5%) or less of the issued and outstanding shares of any class of stock of a publicly traded company that is a Competitive Business, is not prohibited by this Section. The time period of the post-term competitive restrictions will be extended by any length of time any party described above is in breach of any term of this Section. The terms of this Section will continue in full force and effect through the duration of the extended time period.

17.7 **Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations that expressly or by their nature survive the termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, confidentiality, non-competition, de-identification and dispute resolution provisions.

18. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

18.1 **Independent Contractor; No Fiduciary Relationship.** This Agreement does not create a fiduciary relationship between you and us and no fiduciary relationship will exist between you and us. You are an independent contractor, and nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. You will conspicuously identify yourself in all your dealings with third parties as the owner of your Franchised Business pursuant to a franchise agreement with us, and agree to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials that we may require from time to time.

18.2 **No Liability; No Warranties.** Neither you nor us will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that the relationship between you and us is other than that of franchisee and franchisor. We will not be liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, or for resolving customer complaints. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

18.3 **Taxes and Regulations.** We will not be liable for any taxes levied against you or your assets or against us in connection with the business you conduct or any payments you make

to us pursuant to this Agreement or any other agreement (except for our own income taxes and any taxes we are required by law to collect from you on purchases from us). We will not be liable or responsible for your compliance (or failure to comply) with any and all laws, rules and regulations imposed by any state or federal governmental agency. It is your responsibility to ensure compliance with such laws and regulations.

18.4 **Notification of Proceedings.** You must notify us in writing of the commencement of any action, suit or proceeding involving you or your Franchised Business, and of the issuance of any order, writ, injunction, award or decree that may affect the operation or financial condition of your Franchised Business, not more than five (5) days after such commencement or issuance. You must deliver to us not more than five (5) days after your receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects your failure to meet and maintain the highest applicable rating or your noncompliance or less than full compliance with any applicable law, rule or regulation.

18.5 **Indemnification.** You must indemnify, defend and hold us, our shareholders, directors, officers, employees, affiliates, agents and assignees (collectively, “**Indemnified Parties**”) harmless against and reimburse the Indemnified Parties for all claims, losses, liabilities, obligations, damages, and taxes arising out of the operation of your Franchised Business for which any of the Indemnified Parties are held liable and for all costs any of the Indemnified Parties reasonably incur in the defense of any such claim brought against any of the Indemnified Parties or in any such action in which any of the Indemnified Parties is named as a party, including actual and consequential damages, reasonable attorneys’, accountants’, and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses even if the claim asserts negligence or other causes of action directly against the Indemnified Parties. The Indemnified Parties have the right to defend any such claim against them and may settle any such claim with respect to them only, with no obligation to you. Your indemnification obligations will continue in full force after and survive any termination of this Agreement.

19. **INSURANCE.** During the Term, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the types of insurance coverage specified in our Manuals. You must maintain the insurance coverages in the minimum amounts we prescribe from time to time in the Manuals. The insurance policies must name us as an additional insured and must contain terms that require thirty (30) days advance notice to us prior to cancellation of coverage. The insurance policies must contain terms waiving any right of subrogation in favor of us and extend to your indemnification obligations under this Agreement. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

20. **ENFORCEMENT.**

20.1 **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in

this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees that you may rely on, and will not assume any liability or obligation to you.

20.2 **Waiver of Certain Damages.** Except for your obligations to indemnify us and claims for unauthorized use of the Marks, Copyright Materials or Confidential Information, you and we each waive to the full extent permitted by law any right to, or claim for, any punitive, consequential, special or exemplary damages against the other and any affiliates, owners, employees or agents and also agree that, in the event of a dispute between or among any of the foregoing, each will be limited to equitable relief and recovery of any actual damages it sustains.

20.3 **Limitations of Claims.** Any and all claims arising out of this Agreement or the relationship among you and us will be barred unless one party provides the other with written notice of the claim within one (1) year from the occurrence of the facts giving rise to such claim (regardless of when it becomes known); provided, however, the foregoing shall not apply to claims arising from: (a) under-reporting of amounts upon which amounts owed us are calculated; (b) counterfeiting of the business materials or unauthorized sale of business materials or other goods or services; (c) underpayment of amounts owed to us or our affiliates; (d) claims for indemnification; and/or (e) any unauthorized use of the Marks. However, this provision does not limit the right to terminate this Agreement in any way.

20.4 **Governing Law.** Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1050 et seq.), as amended, or the U.S. Arbitration Act (9 U.S.C. §§ 1 et seq.), this Agreement and the Franchise are governed by Florida law, excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such law are met independently without reference to this section.

20.5 **Jurisdiction.** You and we and your owners consent and irrevocably submit to the jurisdiction and venue of any state court located in Pinellas County, Florida, and any federal court located in Hillsborough County, Florida, and waive any objection to the jurisdiction and venue of such courts. The only exception to the foregoing shall be: (i) if the courts of Florida would have no jurisdiction over a named party in the litigation, and such party's involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Florida as the exclusive venue for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (ii) to the extent that either party believes that it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that action in the county in which the other party has its principal office (which in the case of an action against Franchisee, shall be the county in which Franchisee is domiciled, or in any county in which the Franchised Business is located).

20.6 **WAIVER OF JURY TRIAL.** TO THE EXTENT EITHER PARTY MAY PROCEED BY JUDICIAL PROCESS, EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, AND ALLEGATIONS OF STATE OR FEDERAL STATUTORY

VIOLATIONS, FRAUD, MISREPRESENTATION, OR OTHER CAUSES OF ACTION, IN CONNECTION WITH ANY LEGAL ACTION.

20.7 **Waiver of Collateral Estoppel.** The parties agree they should each be able to settle, mediate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between them. The parties therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between the parties. The parties therefore waive the right to assert that principals of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

20.8 **Waiver of Class Action Rights.** You waive your right to bring, join or participate in, and are barred from bringing, joining or participating in, any class action suit. The parties agree that any proceeding, including any arbitration, will be conducted on an individual, not a class-wide, basis and that any proceeding between you and us or any owner or any guarantor of yours may not be consolidated with another proceeding between us and any other entity or person. You further agree that the foregoing will not limit your ability to obtain a remedy for any particular claim that you may assert against us.

20.9 **Costs and Attorneys' Fees.** If we secure any injunction or any other relief by arbitration or otherwise against you, or your owners, or we are successful in defending a claim brought against us by you in an arbitration or otherwise, you will pay us an amount equal to the aggregate of our costs of obtaining such relief and defending such claim, including without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

20.10 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

20.11 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any party who is not a party to this Agreement. Except as specifically described in this Agreement, (like the non-competition provisions), no other party has any rights because of this Agreement.

20.12 **Business Organization.** If you are a business organization (“**Business Entity**”) (like a corporation, limited liability company or partnership) you agree and represent that:

- (a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation; and
- (b) each of your owners during the Term will sign and deliver to us our standard form of Owners Guaranty and Owners Statement (and update it

when necessary). The Owners Statement will completely, and accurately describe all of your owners and their interests in you. Copies of our current form of Owners Statement and Owners Guaranty are attached to the Franchise Disclosure Document.

20.13 **Construction and Certain Definitions.** The headings of the sections are for convenience only. If two or more persons are at any time franchisees hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term “**person**” includes individuals and Business Entities. You and we are sometimes referred to individually as a “**party**” and collectively as “**parties.**” The term “**section**” refers to a section or subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you, a Business Entity that owns you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in your revenue, profits, rights or assets. References in the Agreement to the termination of this Agreement or the Term or the Franchise, shall be deemed to include the expiration of this Agreement.

20.14 **Time Is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

20.15 **Injunctive Relief.** Notwithstanding Section 21 below, either party may apply for injunctive or other equitable relief to: (a) enforce its rights to terminate this Agreement as set forth in this Agreement; and (b) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party’s business, including to enforce the obligations of a party to be performed following termination of this Agreement, including the confidentiality and non-competition provisions hereof. Each party shall be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights.

20.16 **Entire Agreement.** The introduction and recitals and Rider hereto are a part of this Agreement, which constitutes the entire agreement of the parties and at the time of this Agreement, there are no oral or other written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement, other than any Guarantees. However, nothing in this or any related agreement is intended to disclaim any representations made in the FDD we furnished to you.

20.17 **Construction.** The parties agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The

language of all provisions of this Agreement shall be construed simply according to their fair meaning and not strictly against a party.

20.18 **Invalid Provisions.** It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. The parties shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of a party that is determined to be invalid or unenforceable and is not waived by the other party.

20.19 **Waivers.** The parties, by written instrument, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by us of any payment by you and no failure, refusal or neglect by us or you to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard or operating procedure.

20.20 **Modifications.** No modification of this Agreement shall be valid unless such modification is in writing and signed by you and us; provided, however, we may unilaterally modify the Manuals.

20.21 **Variances.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, at our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition we deem to be of importance to the successful operation of such franchisee's business. You shall not complain on account of any variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant you a like or similar variation thereof.

21. **MEDIATION/ARBITRATION.**

21.1 **Mediation.** Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, you and we agree that before commencing any arbitration proceeding, you and we must submit the dispute to non-binding mediation at a mutually agreeable location (if you and we cannot agree on a location, the mediation will be conducted at our headquarters) to one mediator, appointed under the American Arbitration Association's commercial mediation rules or to one mediator otherwise agreed upon in writing by the parties. The mediator will conduct mediation in accordance with such rules. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or other legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the cost of any third parties who are

required to participate (including the mediator and related fees). If any dispute between the parties cannot be resolved through mediation within sixty (60) days following the appointment of the mediator, and a party wishes to proceed, the dispute must be submitted to arbitration as set forth herein.

21.2 **Failure to Mediate.** Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates arbitration or litigation without complying with their obligation to mediate in accordance with this Section 21, then upon petition of any party named as a defendant in such arbitration or litigation, the arbitrator or court shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the arbitrator or court refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the arbitrator or court in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section.

21.3 **Arbitration.** The arbitration will be conducted by the American Arbitration Association pursuant to its commercial arbitration rules. The arbitration proceeding will be conducted in Pinellas County, Florida. Any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration. The parties agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in such proceeding will be barred. The arbitration will be conducted by a single arbitrator.

21.4 **Awards and Decisions.** Except as limited by this Agreement, the arbitrator will have the right to award to the prevailing party any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from their due date(s)), specific performance, temporary and/or permanent injunctive relief, and reimbursement of attorneys' fees and related costs. The arbitrator will not have the authority to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive, binding and non-appealable and judgment on the award may be entered in any court of competent jurisdiction and each party waives any right to contest the validity or enforceability of such award.

21.5 **Arbitrability.** If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 20.15, the arbitrability of such claim shall be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to arbitrability of any other claim brought by either party against the other, the decision as to whether the claim is subject to arbitration shall be made by the arbitrator appointed in accordance with this Agreement.

21.6 **Third Parties.** The arbitration provisions of this Agreement are intended to benefit and bind certain third party non-signatories, including all of your owners and affiliates.

22. **NOTICES AND PAYMENTS.** All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered on the earlier of:

- (a) one (1) business day after being placed in the hands of an overnight courier for next business day delivery;
- (b) three (3) business days after placement in the United States mail by certified mail, return receipt, postage prepaid; or
- (c) Actual receipt by the party to whom the notice is addressed.

Notices to you will be addressed to the last address we have in our records for you. Notices to us will be addressed to our then current principal business address, Attention: President.

Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent.

23. **FRANCHISEE REPRESENTATIONS.** To induce us to accept your application for an Our Town America franchise and to execute this Agreement, you hereby represent and warrant to us as follows:

23.1 **Disclosure Document.** You have received a copy of our Franchise Disclosure Document (“FDD”), together with copies of all contracts relating to the sale of the Franchise, at least fourteen (14) days prior to the time you signed a binding agreement with, or made any payment to, us or an affiliate in connection with the sale of the Franchise. You have read and understand all such documents.

23.2 **Independent Operations/Business Risks.** You acknowledge that you have the entire control and direction of the Franchised Business, subject only to the conditions and covenants established by this Agreement. You further acknowledge that the operation of the Franchised Business involves business risks, and that your success will be largely determined by your own skill and efforts as an independent business person. You further acknowledge that if you fail at any tasks that are vital to the operation of the Franchised Business, the Franchised Business will fail and you will be solely responsible for any such failure.

23.3 **Franchisee Advisors.** You acknowledge that you have been advised to consult with your own advisors with respect to the legal, financial and other aspects of this Agreement, and that you have had the opportunity to consult with such advisors and also have had the opportunity to independently investigate the opportunity offered under this Agreement.

23.4 **Independent Investigation.** You acknowledge that you have entered into this Agreement after making an independent investigation of our operations, and no one has made any representation except as set forth in the FDD, to induce you to accept the Franchise granted hereunder.

INTENDING TO BE LEGALLY BOUND, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”

OUR TOWN AMERICA,
A FRANCHISING CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

“YOU”

[Name of Business Entity]

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

OWNERS GUARANTY

This Guaranty must be signed by the owners (referred to as “**you**” for purposes of this Guaranty only) of _____ (the “**Business Entity**”) under the Franchise Agreement dated _____ (the “**Agreement**”) with **OUR TOWN AMERICA, A FRANCHISING CORPORATION** (“**us,**” or “**our**” or “**we**”).

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers.** Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty is joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to the Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the Term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants’, attorneys’, attorney’s assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Pinellas or Hillsborough Counties, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

**PERCENTAGE OF OWNERSHIP
INTEREST IN BUSINESS ENTITY**

GUARANTORS

OWNERS STATEMENT

This form must be completed by the Franchisee (“I,” “me” or “my”) if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. **Form of Owner.** I am a (check one):

- (i) General Partnership
 - (ii) Corporation
 - (iii) Limited Partnership
 - (iv) Limited Liability Company
 - (v) Other
- Specify: _____

I was formed under the laws of _____.
(state)

2. **Business Entity.** I was incorporated or formed on _____, _____, under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

<u>Owner’s Name and Address</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Owners is current and complete as of _____, 20__

OWNER

INDIVIDUALS:

(Signature)

(Print Name)

***CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP:***

(Signature)

By: _____
(Print Name)

Title: _____

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

This **RENEWAL ADDENDUM TO FRANCHISE AGREEMENT** (“Addendum”) is made as of _____, _____, by and between OUR TOWN AMERICA, A FRANCHISING CORPORATION, a Florida corporation (“we,” “us,” “our” or “Franchisor”), and _____, a _____ (“you,” “your” or “Franchisee”).

RECITALS

WHEREAS, Franchisor and Franchisee have entered into that certain Franchise Agreement of even date herewith (the “Agreement”) for a successor *Our Town America* franchise; and

WHEREAS, Franchisor and Franchisee desire to amend the Agreement to modify the Performance Standards (as defined in the Agreement) and certain pre-opening obligations contained in the Agreement not applicable to a successor franchise, pursuant to the terms and conditions herein.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto, and the mutual benefits to be gained by the performance hereof, the parties hereto agree as follows:

1. Definitions. Except as otherwise provided herein, capitalized terms used but not defined herein have the meanings ascribed to them in the Agreement.
2. Gross Monthly Sales and Performance Standards. Section 2.2 of the Agreement is hereby amended by deleting the provisions thereof and substituting the following:

2.2 **Gross Monthly Sales and Performance Standards**. In this Agreement, “**Gross Monthly Sales**” means the aggregate of all revenue derived per monthly reporting period we specify from the sale of products and services from all sources in connection with the Franchised Business whether or not collected by you and whether for check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding: (i) all refunds made in good faith, as determined by us; (ii) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid; and (iii) the value of any allowance approved in writing by us that is issued or granted to any customer of the Franchised Business that is credited by you in full or partial satisfaction of the price of any products and services sold to such customer. Each calendar month of each given Term Year (as defined below) during the Term, you must generate the minimum required Gross Monthly Sales listed below from the sale of our proprietary direct mail marketing materials and authorized services to businesses in the Market Area (“**Minimum Gross Monthly Sales**”, and together with the Minimum Monthly Royalty Fee described in Section 6.2, the “**Performance Standards**”):

Term Year	Minimum Gross Monthly Sales
Year 1	\$
Year 2	\$
Year 3	\$
Year 4	\$
Year 5	\$
Year 6	\$
Year 7	\$
Year 8	\$
Year 9	\$
Year 10	\$

If you fail to meet the Minimum Gross Monthly Sales for any time period, we may consider that event an incurable default and terminate this Agreement. A “Term Year” shall begin on the month and day of the date hereof in each year during the Term of this Agreement and end on the day before such month and day in the following year.

3. Minimum Monthly Royalty Fees. Section 6.2 of the Agreement is hereby amended by deleting the provisions thereof and substituting the following:

6.2 **Royalty Fee.** You must pay us a monthly, non-refundable, royalty in the amount of the greater of: (a) five percent (5%) of your Gross Monthly Sales; or (b) the Minimum Monthly Royalty Fee as described below (the “**Royalty Fee**”) throughout the Term. Any Royalty Fee paid in a given calendar month that is greater than the Minimum Monthly Royalty Fee will not be applied to the Royalty Fee due in any subsequent month. You must begin paying the Royalty Fee on the first (1st) day of the month following the month in which you commence operation of your Franchised Business. On or before the last day of each month, we will provide you with a report of your Gross Monthly Sales for the reporting period ending on the last day of the immediately subsequent month, together with an invoice for products and services ordered for which payment is also due, and you will pay the Royalty Fee on the first day of that subsequent month through an Electronic Depository Transfer Account, unless we agree to a different payment method. You must open and maintain an Electronic Depository Transfer Account, and you must provide us with continuous access to such Account for the purpose of receiving payments from you to us. Each month you must make timely deposits to the Account sufficient to cover the amounts you owe us prior to the day such amounts are due. The “Minimum Monthly Royalty Fee” due for each month of each given Term Year is set forth in the following chart:

Term Year	Minimum Monthly Royalty Fee
Year 1	\$
Year 2	\$
Year 3	\$
Year 4	\$
Year 5	\$
Year 6	\$
Year 7	\$
Year 8	\$
Year 9	\$
Year 10	\$

4. Pre-Opening Obligations. Because the Franchised Business is already operational, all obligations that you or us have that are required to be performed before the opening of your Franchised Business are hereby waived, including, but not limited to:

- (a) Franchise Opening. Section 5.6 of the Agreement is hereby deleted in its entirety.
- (b) Initial Franchise Fee. Section 6.1 of the Agreement is hereby deleted in its entirety and replaced with the following: “[Intentionally omitted]”.
- (c) Initial Training. Section 9.1 of the Agreement is hereby deleted in its entirety and replaced with the following: “[Intentionally omitted]”.
- (d) Field Training and Telephone Assistance. Section 9.2 of the Agreement is hereby deleted in its entirety and replaced with the following: “[Intentionally omitted]”.

5. General Release. In consideration of us granting a successor franchise under the Agreement, Franchisee and its agents, successors, assigns, heirs and personal representatives (collectively, the “**Franchisee Parties**”) hereby release, acquit and forever discharge Franchisor and its affiliates, and their officers, directors, shareholders, employees, agents, successors and assigns (collectively, the “**Franchisor Parties**”), from all claims, debts, covenants, liabilities, actions and causes of action of every kind and nature whether at law, in equity or otherwise, whether in tort, contract or otherwise, whether pursuant to any statute, ordinance, regulation, rule of common law or otherwise, whether direct or indirect, whether punitive or compensatory, whether known or unknown, whether presently discoverable or undiscoverable, whether suspected or claimed, and whether fixed, contingent or otherwise (collectively, “**Claims**”), which any of the Franchisee Parties had, now have or may have against any of the Franchisor Parties from the beginning of time to the date hereof, including, but not limited to, those arising out of or existing under any franchise documents, including, but not limited to, the expiring franchise agreement you have with us, the offer and sale of any *Our Town America* franchise, and out of the relationship among the parties; provided, however, the foregoing shall not release Franchisor from any of its obligations under the Agreement. Franchisee represents, warrants and agrees that it has not made any assignment, and will not make any assignment, of any Claim, and that no other person or entity of any kind has or had any interest in any Claim.

6. Miscellaneous. Except as herein amended, both of the parties hereby ratify and reaffirm their respective obligations under the Agreement. In the event of any conflicts between the Agreement and this Addendum, the terms of this Addendum shall control. This Addendum shall be considered a part of the Agreement. The above recitals are hereby made a part of this Addendum. This Addendum may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

The foregoing General Release does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first above written.

FRANCHISOR:
OUR TOWN AMERICA,
A FRANCHISING CORPORATION

FRANCHISEE:

By: _____
Name: _____
Title: _____

Name: _____
Title: _____

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT

FORM OF RESALE AGREEMENT

RESALE AGREEMENT

(State: _____ Market Area: _____)

THIS RESALE AGREEMENT (this "Resale Agreement") is made and entered by and amongst OUR TOWN AMERICA, A FRANCHISING CORPORATION, a Florida corporation ("we," "us" or "our"), and _____ (the "Assignor") and _____ (the "Assignee" or "you" or "your") is effective _____, 20__ (the "Effective Date") regardless of the date of signatures.

BACKGROUND INFORMATION:

The Assignor entered into an *Our Town*[®] Franchise Agreement with us dated _____, _____ (the "Franchise Agreement"), attached as Schedule "A." The Assignor wants to transfer the Franchise Agreement and the *Our Town*[®] business Franchise to you and you want to assume all of the Assignor's rights and duties under the Franchise Agreement and the *Our Town*[®] franchise (the "Franchise") to operate as an *Our Town*[®] business. We are willing to consent to such assignment and assumption so long as all conditions below are satisfied.

OPERATIVE TERMS:

Accordingly, the parties agree as follows:

1. Assignment. The Assignor assigns and transfers all of its title and interest in and to the Franchise and the Franchise Agreement to you, as of the effective date. After the effective date: (a) you have all of the rights, powers and privileges under the Franchise Agreement to operate an *Our Town*[®] Business; and (b) the Assignor no longer has any rights to operate an *Our Town*[®] Business under the Franchise Agreement and relinquishes any rights it may have had to do so.
2. Assumption. As of the effective date, you assume all of the obligations of the Assignor under the Franchise Agreement. Upon the execution of this Release Agreement you will execute a new franchise agreement in the form then being used by us to grant new franchises, and the new franchise agreement will then govern the relationship between you and us.
3. Guarantee. The Assignor has signed and delivered to us a Release (the "Release") in the form attached as Schedule "B." The Assignor acknowledges and agrees that the Release is effective as of the date of this Resale Agreement.
4. Training; Transfer Fee. You and such of your personnel as we designate must attend and complete our initial training program at our training facilities. You are responsible for all travel and living expenses associated with such training. The Assignor must pay us a Transferee Fee of \$6,500. You will be responsible for your and your attendee's travel and living expenses for training.
5. Acceptance and Consent. In reliance on our receipt of the signed Release Agreement from the Assignor and you and the signed Release from the Assignor, we approve:
 - (i) this Resale Agreement;
 - (ii) the assignment of the Franchise Agreement and the Franchise to you; and
 - (iii) your assumption of the Franchise Agreement and all of the Assignor's obligations under it.

RESALE AGREEMENT

6. Certain Conditions. This Resale Agreement will not become effective unless and until:
- (i) We have received the fully signed Resale Agreement;
 - (ii) We have received the Release; and
 - (iii) We have received payment from the Assignor for the Transfer Fee and you have executed our then current franchise agreement.

7. Incorporation of Terms and Precedence. This Resale Agreement is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this Resale Agreement governs, controls and supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Resale Agreement have the meanings as defined in the Franchise Agreement. Otherwise, the remaining terms of the Franchise Agreement remain in full force and effect and are binding on you and us.

8. Background Information. The background information is true and correct and is incorporated into this Resale Agreement.

9. Effectiveness. This Resale Agreement is effective as of the Effective Date, regardless of the actual date of signature. However, it will not become effective until all conditions for effectiveness specified in this Resale Agreement have been fully satisfied.

Intending to be bound, the parties sign below:

THE "ASSIGNEE":

By: _____
Name: _____
Title: _____
Date: _____

THE "ASSIGNOR":

By: _____
Name: _____
Title: _____
Date: _____

US:

OUR TOWN AMERICA,
A FRANCHISING CORPORATION

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE "A"
FRANCHISE AGREEMENT

SCHEDULE "B"
RESALE AGREEMENT
RELEASE

THIS RELEASE is given to OUR TOWN AMERICA, A FRANCHISING CORPORATION, a Florida corporation ("we," "us" or "our"), by _____ and all of its affiliates, employees, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, "you," "your" or "Releasor"). You are giving us this Release in accordance with the terms of the Resale Agreement dated _____, 20__ (the "Resale Agreement"). Unless otherwise defined in this Release, terms defined in the Resale Agreement and Franchise Agreement have the same meaning in this Release.

Effective on the date of this Release, you forever release and forever discharge us from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which you now have or ever had against us, including without limitation, anything arising out of the Franchise Agreement except for our obligations under the Resale Agreement. This Release is effective for: (a) any and all claims and obligations, including those of which you are not now aware; and (b) all claims you have from anything which has happened up to now.

You are bound by this Release. You freely and voluntarily give this Release to us for good and valuable consideration and you acknowledge its receipt and sufficiency.

You represent and warrant to us that you have not assigned or transferred to any other person any claim or right you had or now have relating to or against any of us.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective _____, 20__, regardless of the actual date of signatures.

IN WITNESS WHEREOF, the undersigned execute this Release:

RELEASOR:

OUR TOWN AMERICA,
A FRANCHISING CORPORATION:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 20__, by _____ personally and on behalf of _____ the franchise business entity that entered into the above-referenced Franchise Agreement and Resale Agreement (the "Releasors"). He/She is personally known to me or has produced _____ as indemnification.

Signature of Notary

Printed Name of Notary
Notary Public, State of _____

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL

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EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

**STATE SPECIFIC ADDENDA TO THE
FRANCHISE DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY THE CALIFORNIA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in Our Town America, A Franchising Corporation's Franchise Disclosure Document, the following provisions shall supersede and apply to all *Our Town America* franchises offered and sold in the state of California:

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 FRANCHISE DISCLOSURE DOCUMENT.
2. Item 3 of the Franchise Disclosure Document is supplemented by the additional following paragraph:

“Neither we nor any person described in Item 2 of the Franchise Disclosure Document are subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.”
3. Item 17 of the Franchise Disclosure Document is amended by the insertion of the following:

“The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires the franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).”
4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101 *et. seq.*).
5. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the respective agreement. These provisions may not be enforceable under California law.
6. The Franchise Agreement requires application of the laws and forum of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

7. The Franchise Agreement requires binding arbitration. The arbitration is to occur in Pinellas County, Florida, or such other place as may be mutually agreed upon by the parties. The cost of the arbitration will be borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

8. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.

9. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT. THE FRANCHISOR HAS OR WILL COMPLY WITH ALL OF THE REQUIREMENTS UNDER CALIFORNIA CORPORATIONS CODE, SECTION 31109.1, WITH RESPECT TO NEGOTIATED SALES.

10. THE FRANCHISE AGREEMENT CONTAINS A WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL PROVISION.

11. OUR TOWN AMERICA, A FRANCHISING CORPORATION'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

12. 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.

**STATE SPECIFIC ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987**

Notwithstanding anything to the contrary set forth in Our Town America, A Franchising Corporation's Franchise Disclosure Document, the following provisions shall supersede and apply to all *Our Town America* franchises offered and sold in the state of Illinois:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

**STATE SPECIFIC ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY
THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW**

Notwithstanding anything to the contrary in the Our Town America, A Franchising Corporation Franchise Disclosure Document, the following provisions shall supersede and apply to all Our Town America franchises sold to residents in the state of Maryland:

1. Each chart in Item 17 of the Franchise Disclosure Document is amended as follows:

“Termination for bankruptcy filing may not be enforceable under the United States Bankruptcy Act, but we intend to enforce it to the extent enforceable.”
2. Item 17(c) and 17(m) in each of the charts in Item 17 are modified to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Item 17(v) and (w) in each of the charts in Item 17 are modified by the insertion of the following:

“Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
4. Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of the following: “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”
5. Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of the following: "The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."
6. Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of 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."
7. 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.

8. The page **Special Risks to Consider About *This Franchise*** is amended with the addition of the following:

- (3) **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

9. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

**ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY THE MINNESOTA FRANCHISE LAW**

Notwithstanding anything to the contrary set forth in Our Town America, A Franchising Corporation's Franchise Disclosure Document, the following provisions shall supersede and apply to all *Our Town America* franchises offered and sold in the state of Minnesota:

1. Minn. Stat. Section 80C.21 and Minn. Rule Part 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 the Franchise Disclosure Document, or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

3. Item 13 of the Franchise Disclosure Document is revised to include the following language:

“To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.”

4. Item 17.F in the charts in the Franchise Disclosure Document is amended to add the following:

“With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement; and that consent to transfer of the franchise will not be unreasonably withheld.”

5. Item 17.C and 17.M in the charts in the Franchise Disclosure Document are amended to add the following:

“We cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

6. The page **Special Risks to Consider About *This Franchise*** is amended with the addition of the following:

(3) **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

7. 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.

**STATE SPECIFIC ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY THE NEW YORK GENERAL BUSINESS LAW**

Notwithstanding anything to the contrary set forth in the Our Town America, A Franchising Corporation's Franchise Disclosure Document, the following provisions shall supersede and apply to all *Our Town America* franchises offered and sold in the state of New York:

1. The following language is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT J OR YOUR PUBLIC LIBRARY FOR RESOURCES 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 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, 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 paragraphs are hereby added at the beginning of Item 3 in the Franchise Disclosure Document:

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 at the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

4. 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.

5. 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.

6. 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.

7. Franchise Questionnaires and Acknowledgements. 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.

8. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**STATE SPECIFIC ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY THE VIRGINIA RETAIL FRANCHISING ACT**

Notwithstanding anything to the contrary set forth in Our Town America, A Franchising Corporation's Franchise Disclosure Document, the following provisions shall supersede and apply to all *Our Town America* franchises offered and sold in the commonwealth of Virginia:

1. Item 17.H in the charts in the Franchise Disclosure Document is hereby amended by the addition of the following disclosure:

“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 ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.”

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by a 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. The page **Special Risks to Consider About *This* Franchise** is amended with the addition of the following:

(3) **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

**STATE SPECIFIC ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY
THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT**

Notwithstanding anything to the contrary set forth in Our Town America, A Franchising Corporation's Franchise Disclosure Document, the following provisions shall supersede and apply to all *Our Town America* franchises offered and sold in the state of Washington:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. 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.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. 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.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.
8. The franchisor uses 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.

9. 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.

10 Nothing set forth in the Our Town America, A Franchising Corporation Franchise Disclosure Document shall waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**STATE SPECIFIC ADDENDUM TO THE
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW**

Notwithstanding anything to the contrary in the Our Town America, A Franchising Corporation Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all *Our Town America* franchises offered and sold in the state of Wisconsin:

“The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement that is inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.”

EXHIBIT F TO THE DISCLOSURE DOCUMENT

**STATE SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

This Rider (this “Rider”) is entered into this _____, 20__ (the “**Effective Date**”), between **OUR TOWN AMERICA, A FRANCHISING CORPORATION**, a Florida corporation (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____, a _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Franchise Agreement**”).

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There also may be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of transfer, termination and renewal of your franchise. If the Franchise Agreement is inconsistent with the law, the law will control.
2. The Franchise Agreement requires you to execute a general release of claims upon transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)). To the extent required by such laws, you shall not be required to execute a general release.
3. The Franchise Agreement requires application of the laws and forum of Florida with certain exceptions. These provisions may not be enforceable under California law.
4. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.
5. California [Civil Code Section 1671] has statutes which restrict or prohibit the imposition of liquidated damage provisions.
6. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the respective agreement. These provisions may not be enforceable under California law.
7. The Franchise Agreement requires binding arbitration. The arbitration is to occur in Pinellas County, Florida, or such other place as may be mutually agreed upon by the parties. The cost of the arbitration will be borne by the non-prevailing party.
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.

9. Section 23 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “INTENTIONALLY OMITTED”.

10. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Rider.

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the Effective Date.

**OUR TOWN AMERICA,
A FRANCHISING CORPORATION:**

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (this “Rider”) is entered into this _____, 20__ (the “**Effective Date**”), between **OUR TOWN AMERICA, A FRANCHISING CORPORATION**, a Florida corporation (“we,” “us,” “our” or “**Franchisor**”), and _____, a _____ (referred to in this Rider as “you,” “your” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Franchise Agreement**”).

1. Notwithstanding the fact that the Franchise Agreement requires that it be governed by the laws of the State of Florida, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Act, the Franchise Agreement shall be governed and construed in accordance with the laws of the State of Illinois.
2. The Franchise Agreement states that Florida law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.
3. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act..
4. Section 4 of the Illinois Franchise Disclosure Act states that “Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.”
5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.
6. 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.
7. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Rider.

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the Effective Date.

**OUR TOWN AMERICA,
A FRANCHISING CORPORATION**

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE AGREEMENT
FOR USE IN INDIANA**

This Rider (this “Rider”) is entered into this _____, 20__ (the “**Effective Date**”), between **OUR TOWN AMERICA, A FRANCHISING CORPORATION**, a Florida corporation (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Franchise Agreement**”).

1. Section 17.6(a) of the Franchise Agreement shall be deleted in its entirety and replaced with the following:

- (a) engage in a Competitive Business that is located in or doing business within the Market Area, directly or indirectly, on behalf of yourself or any other person or as an employee, proprietor, owner, partner, agent, contractor, employer, consultant, affiliate, franchisor, franchisee, director, officer or associate;

2. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Act are met independently without reference to this Rider.

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the Effective Date.

FRANCHISOR:
OUR TOWN AMERICA,
A FRANCHISING CORPORATION

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider (this “Rider”) is entered into this _____, 20__ (the “**Effective Date**”), between **OUR TOWN AMERICA, A FRANCHISING CORPORATION**, a Florida corporation (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____, a _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Franchise Agreement**”).

1. Sections 3.2 and 15.3 of the Franchise Agreement are revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 16.2 of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

3. Section 20.5 of the Franchise Agreement is revised to include the following language:

“Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

4. Section 21.3 of the Franchise Agreement is revised to include the following language:

“Notwithstanding the provisions of this section, a Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

5. The representations made in the Franchise Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. The Franchise Agreement states that Florida law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

7. 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.

8. Sections 1.2 and 23 of the Franchise Agreement are hereby deleted in their entirety and replaced with the following: "INTENTIONALLY OMITTED".

9. Each provision to this Rider shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Rider.

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the Effective Date.

FRANCHISOR:
OUR TOWN AMERICA,
A FRANCHISING CORPORATION

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider (this “Rider”) is entered into this _____, 20__ (the “**Effective Date**”), between **OUR TOWN AMERICA, A FRANCHISING CORPORATION**, a Florida corporation (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Franchise Agreement**”).

1. Section 16 of the Franchise Agreement is amended to add the following:

“With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c. 14, subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.”

2. The Franchise Agreement is revised to include the following:

“To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks, provided you are using the Names and Marks in accordance with this Agreement.”

3. Section 20.3 of the Franchise Agreement is amended to add the following:

“With respect to franchises governed by the Minnesota Franchise Act, nothing provided herein will modify your rights or our rights under Minnesota Statutes, Section 80C.17, subd. 5.”

4. Section 20.15 of the Franchise Agreement is amended to add the following:

“You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.”

5. Sections 3.2 and 15.3 are amended to include the following language:

“We will not require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.”

6. Section 20.5 of the Franchise Agreement is revised to include the following language:

“Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J 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 the Franchise Agreement can abrogate or reduce any of your rights

as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.”

7. 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.

8. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Rider.

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the Effective Date.

FRANCHISOR:
OUR TOWN AMERICA,
A FRANCHISING CORPORATION

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**RIDER TO
OUR TOWN AMERICA, A FRANCHISING CORPORATION
FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider (this “Rider”) is entered into this _____, 20__ (the “**Effective Date**”), between **OUR TOWN AMERICA, A FRANCHISING CORPORATION**, a Florida corporation (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Franchise Agreement**”).

1. Section 16.3 of the Franchise Agreement is revised to include the following:

“You shall have the right to terminate this Agreement to the extent allowed under applicable law.”

2. Section 15.1 of the Franchise Agreement is revised to include the following:

“We will not make an assignment, except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Agreement.”

3. Sections 20.2, 20.3, 20.4, 20.5, 20.6 and 20.7 of the Franchise Agreement are revised to include the following language:

“Provided, however, that all rights arising under your favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

4. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law are met independently without reference to this Rider.

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the Effective Date.

FRANCHISOR:
OUR TOWN AMERICA,
A FRANCHISING CORPORATION

YOU:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, COMPLIANCE CERTIFICATE, AND RELATED AGREEMENTS

This Rider (this “Rider”) is entered into this _____, 20__ (the “**Effective Date**”), between **OUR TOWN AMERICA, A FRANCHISING CORPORATION**, a Florida corporation (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Franchise Agreement**”).

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. 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.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. 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.
5. Transfer fees are collectable to the extent that they reflect the Franchisor’s reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.
8. The Franchisor uses 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.

9. 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.

10. Nothing set forth in the Franchise Agreement shall waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

11. Section 23 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “INTENTIONALLY OMITTED”.

12. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Rider.

IN WITNESS WHEREOF, the undersigned have executed this Rider as of the Effective Date.

**OUR TOWN AMERICA,
A FRANCHISING CORPORATION**

YOU

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

**LIST OF OUTLETS
AS OF DECEMBER 31, 2023**

Name	Address	Telephone
ARIZONA		
David Cox	8055 E Thomas Rd A303 Scottsdale, AZ 85251	602-923-7770
Susan Nagi	8545 W. Warm Springs Rd, A-4 #356 Las Vegas, NV 89113	480-678-1366
CALIFORNIA		
Community Welcome Services of California, Inc. David Frisch	1911 Douglas Blvd. St. 85-350 Roseville, CA 95661	916-749-3234
Community Welcome Services of California, Inc. ⁽²⁾ David Frisch	1911 Douglas Blvd. St. 85-350 Roseville, CA 95661	916-259-2068
David Cox	1762 Thomas Ave San Diego, CA 92109	619-354-6242
David Cox	1762 Thomas Ave San Diego, CA 92109	619-354-6242
Elisa Safanda	5 Spring Grove Ave San Rafael, CA 94901	415-902-5440
COLORADO		
Kurtis North	1001-A E Harmony Rd # 197 Fort Collins, CO 80525	970-692-3859
CONNECTICUT		
Ken Sultar	47 Natsisky Farm Rd. South Windsor, CT 06074	860-432-1515
FLORIDA		
Michael & Temperance Levesque	519 SW 29th St Cape Coral, FL 33914	850-775-7818
Christian Vivola/David Cox	3030 S. Ocean Blvd #107 Palm Beach, FL 33480	561-708-1924
Chris Nantista/Michael Avallon	12425 28th St N, Ste 101A Saint Petersburg, FL 33716	614-378-2977
Steve Schroeder	6800 Gulfport Blvd Ste 201-225 South Pasadena, FL 33707	301-919-0907
GEORGIA		
Chris Beer	3760 Sixes Road Ste 126-119 Canton, GA 30114	770-520-5755
IDAHO		
Scot Hecht	6700 N Linder Rd Ste 156A-176 Meridian, ID 83646	208-866-9540
ILLINOIS		
Mark Berggren	1770 S Randall Rd Ste A114 Geneva, IL 60134	630-389-0440
IOWA		
Tim McGrath	1704 NE 14 th Ct Ankeny, IA 50021	515-240-6845
MASSACHUSETTS		
Ken Sultar	47 Natsisky Farm Rd South Windsor, CT 06074	861-432-1515

Name	Address	Telephone
MICHIGAN		
Larry and Rebecca Neal ⁽²⁾	7111 Dixie Hwy #335 Clarkston, MI 48346	248-672-6046
Steve Batdorf	6757 Cascade Rd # 117 Grand Rapids, MI 49546	616-425-9259
Curtis Crawford	145 S Livernois #243 Rochester Hills, MI 48307	248-760-2966
MINNESOTA		
Dana Nelson	2915 Valento Lane Little Canada, MN 55117	651-263-8761
Dana Nelson	2915 Valento Ln Little Canada, MN 55117	651-263-8761
Peter Carlson/John Groppoli ⁽²⁾	830 Park Place Dr Mendota Heights, MN 55118	651-261-0128
Michael Carlson/Peter Carlson	2300 Ridge Dr #213 St. Louis Park, MN 55416	763-229-3662
Michael Carlson/Peter Carlson	2300 Ridge Dr #213 St. Louis Park, MN 55416	763-229-3662
NEVADA		
Susan Nagi	8545 W. Warm Springs Rd A4 #356 Las Vegas, NV 89113	480-678-1366
NORTH CAROLINA		
Wendy Baird	P.O. Box 17044 Asheville, NC 28816	828-768-5966
Bassam Safi ⁽²⁾	92 Cornerstone Dr # 319 Cary, NC 27519	910-352-5776
Craig Rosen	15106 High Bluff Court Charlotte, NC 28278	704-807-6887
Sally Hanson	7283 Hwy 42 W Ste 102 Raleigh, NC 27603	919-349-7611
Bassam Safi	310 N Front St Ste 4-4 Wilmington, NC 28401	910-352-5776
OHIO		
David Handa	110 Stonewater Ct Berea, OH 44017	440-398-0072
Jim and Carol Lee Iott ⁽¹⁾	2634 Colchester Road #2 Cleveland Heights, OH 44106	708-606-0863
OREGON		
James & Rebecca Fowler	53039 NW EJ Smith Rd Scappoose, OR 97056	971-757-0558
SOUTH CAROLINA		
David Butz	742 Mink Ave Ste 142 Murrells Inlet, SC 29576	843-433-3118
Jane McElhaney	204 Little Point Ln Ridgeway, SC 29130	704-906-7434
TENNESSEE		
Chris & Alyssa Bridges	2947 Innisbrook Drive Maryville, TN 37801	865-422-4457

Name	Address	Telephone
TEXAS		
Dan Schrobilgen	4008 Galacia Dr Austin, TX 78759	512-517-5277
Clint Finch ⁽²⁾	517 Camden Cove Lane Pinehurst, TX 77362	832-437-1173
Clint Finch	517 Camden Cove Lane Pinehurst, TX 77362	832-437-1173
VIRGINIA		
Brian Redden	P O Box 1496 Midlothian, VA 23113	804-378-9394
WISCONSIN		
Allen Busse	P O Box 242 Waukesha, WI 53187	262-650-1906

(1) This franchisee purchased a portion of a territory from another franchisee.

(2) This franchisee is also an area representative.

EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

**FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2023
OR WHO HAVE NOT COMMUNICATED WITH US WITHIN
10 WEEKS OF OUR APPLICATION DATE¹**

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

Name	City and State	Telephone
FLORIDA		
Sally Hanson	Fort Myers, FL	919-349-7611
GEORGIA		
Brett & Ryker Goodell	Alpharetta, GA	404-8197980
TENNESSEE		
Brian Redden	Midlothian, VA	804-378-9384

EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT

FORM OF FRANCHISE COMPLIANCE CERTIFICATE

FORM OF FRANCHISE COMPLIANCE CERTIFICATION

If you are a resident of the State of California or your franchise is located in California, you are not required to sign this Franchise Compliance Certification. If any California franchisee completes this Franchise Compliance Certification, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Franchise Compliance Certification.

Do not sign this Questionnaire if you are a resident of Maryland or Washington or if the franchise is to be operated in Maryland or Washington.

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and any attachments to it?

Yes _____ No _____

2. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”)?

Yes _____ No _____

3. Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

4. Have you discussed the benefits and risks of purchasing an *Our Town*[®] Business franchise with an attorney, accountant or other professional advisor?

Yes _____ No _____

If not, do you wish to have more time to do so?

Yes _____ No _____

5. Do you understand that the success or failure of your Business franchise will depend in large part upon your skills and abilities, competition from others and other economic and business factors?

Yes _____ No _____

6. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of an *Our Town*[®] Business franchise?

Yes _____ No _____

7. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating an *Our Town*[®] Business franchise?

Yes _____ No _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an *Our Town*[®] Business franchise?

Yes _____ No _____

9. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

10. Have you paid any money to us concerning the purchase of your *Our Town*[®] Business franchise prior to today?

Yes _____ No _____

11. If you have answered “Yes” to any one of questions 6-10, please provide a full explanation of each “Yes” or “No” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

12. I signed the Franchise Agreement and Addendum (if any) on _____, 20__, and acknowledge that no Agreement or Addendum is effective until signed and dated by us.

Your responses to these questions are important to us and we will rely on them.

By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

Dated: _____

EXHIBIT J TO THE FRANCHISE DISCLOSURE DOCUMENT

**LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

CALIFORNIA

California Commissioner of Financial
Protection and Innovation
Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104
1-866-275-2677

FLORIDA

Department of Agriculture and
Consumer Services
Division of Consumer Services
407 South Calhoun Street
Tallahassee, Florida 32399-0800

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Attorney General State of Illinois
Consumer Protection & Franchise
Division
500 South Second Street
Springfield, Illinois 62706

INDIANA

Administrator:
Securities Commissioner
Indiana Securities Division
Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Agent:
Indiana Secretary of State
201 Statehouse
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Registered Agent:
Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, Maryland 21202-2020
State Authority:
Office of the Attorney General
Securities Division
200 Saint Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Attorney General
Consumer Protection Division
ATTN: Franchise
G. Mennen Williams Bldg., 1st Floor
525 W. Ottawa St.
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEBRASKA

Department of Banking and Finance
Bureau of Securities/Financial
Institutions Division
1526 K Street, Suite 300
Lincoln, Nebraska 68508

NEW YORK

Administrator:
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

Agent:
New York Secretary of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001

NORTH DAKOTA

North Dakota Securities Department
Agent: North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol - 14th Floor
Bismarck, North Dakota 58505-0510

OREGON

Oregon Corporation Division
255 Capital Street, NE
Suite 151
Salem, Oregon 97310-1327

RHODE ISLAND

Rhode Island Department of Business
Regulation
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Secretary of State
Business Opportunities Section
P.O. Box 13563
Austin, Texas 78711

UTAH

Department of Commerce
Division of Consumer Protection
160 East 300 South
P.O. Box 45804
Salt Lake City, Utah 84145-0804

VIRGINIA

State Agency:
State Corporations Commission
Division of Securities and Retail
Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Service of Process:
Clerk of the State Corporation
Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Administrator:
Washington Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington
(360) 902-8760
Agent:
Director of the Department of Financial
Institutions
Securities Division
150 Israel Road
Tumwater, Washington 98501

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

ACKNOWLEDGMENTS OF RECEIPT

**Franchise Documents for Execution
Franchise Disclosure Document**

RECEIPT OF FRANCHISE-RELATED DOCUMENTS

The undersigned, personally and/or as an officer or partner of the proposed Franchisee, does hereby acknowledge receipt of the following documents, in form for execution, relating to the franchise of OUR TOWN AMERICA, A FRANCHISING CORPORATION:

- (1) Franchise Agreement.
- (2) Resale Agreement.
- (3) Owners Statement.
- (4) Owners Guaranty.
- (5) State Specific Rider.
- (6) Compliance Certification.
- (7) Other (specify):

(Prospective Franchisee must initial the box adjacent to all the applicable documents received.)

I further acknowledge my understanding that it is my responsibility, individually and/or as an officer or partner of the proposed Franchisee, to review all such documents so that I am fully familiar with the transaction contemplated thereby prior to the execution thereof.

DATED: _____

_____ individually
and/or as an officer or partner of _____

_____ a (corporation)
(_____ partnership)
NAME: _____
ADDRESS: _____

_____ individually
and/or as an officer or partner of _____

_____ a (corporation)
(_____ partnership)
NAME: _____
ADDRESS: _____

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	May 22, 2024
Michigan	April 30, 2024
Minnesota	Pending
New York	Pending
Virginia	Pending
Washington	Pending
Wisconsin	April 30, 2024

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

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Our Town America, A Franchising Corporation offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale **(or sooner if required by applicable state law)**.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Our Town America, A Franchising Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the State Agency listed in Exhibit J.

The name, principal business address, and telephone number of the Franchise Seller offering the *Our Town America* franchise is: Michael Plummer, 13900 US 19 N, Clearwater, Florida 33764, (727) 345-0811; _____

Issuance Date: April 30, 2024.

Our Town America, A Franchising Corporation authorizes the applicable state agencies identified on Exhibit J to receive service of process for us in their state.

I received a Disclosure Document with the issuance date of April 30, 2024. This Disclosure Document included the following Exhibits:

- Exhibit A Financial Statements
- Exhibit B Forms of Franchise Agreement, Owners Guaranty, Owners Statement, and Renewal Addendum
- Exhibit C Form of Resale Agreement
- Exhibit D Operations Manual Table of Contents
- Exhibit E State Specific Addenda to the Franchise Disclosure Document
- Exhibit F State Specific Riders to the Franchise Agreement
- Exhibit G List of Outlets
- Exhibit H List of Franchisees Who Have Left the System
- Exhibit I Form of Franchise Compliance Certificate
- Exhibit J List of State Agencies/Agents for Service of Process

Please return one signed copy of this Receipt to the attention of Michael Plummer at Our Town America, A Franchising Corporation, 13900 US 19 N, Clearwater, Florida 33764, facsimile: 727-345-0338.

Date Disclosure Document Received: _____

Date

Franchisee

Date

Franchisee

[Your Copy]

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Date Disclosure Document Received: _____

Date

Franchisee

Date

Franchisee

[Our Copy]