

## FRANCHISE DISCLOSURE DOCUMENT



WORLDWIDE REFINISHING SYSTEMS, INC.  
a Texas corporation  
dba DreamMaker Bath & Kitchen by Worldwide  
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<https://www.linkedin.com/company/542402/>  
<https://www.youtube.com/channel/UCb3P3wD1eryQjCgWOhpI9Wg>  
<https://www.houzz.com/pro/dreammakerbk1/dreammaker-bath-and-kitchen>

As a franchisee you will perform residential and commercial bathroom and kitchen remodeling, cabinet refacing, safety and mobility modifications and other interior remodeling, and perform related services and sell related products. You will focus primarily on interior remodeling but will also provide exterior remodeling and restoration projects as needed.

The total investment necessary to begin operation of a DREAMMAKER BATH & KITCHEN BY WORLDWIDE® franchise ranges from \$142,575 to \$364,550. This includes \$80,715 to \$122,090, plus \$200 per 1,000 population for additional territory, 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 to you. To discuss the availability of disclosures in different formats, contact Carly Kennett, 510 N. Valley Mills Drive, Suite 304, Waco, Texas 76710, 800/583-9099.

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

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

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

Issuance Date: April 10, 2020

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

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

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

## MICHIGAN NOTICE

**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 that 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, that 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 that have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five years and (ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least six 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 that 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

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 that 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.** Any questions regarding this notice should be directed to: Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, G. Mennen Williams building, 1st Floor, Lansing, Michigan 48913 (517) 373-7117

Despite paragraph (f) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement. We believe that paragraph (f) is unenforceable and cannot preclude us from enforcing these arbitration provisions.

**FRANCHISE DISCLOSURE DOCUMENT  
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  - B-2 Domain Name License Agreement
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**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES**

For ease of reference in this disclosure document, the franchisor is referred to as “we,” “us” or “our,” and sometimes “DreamMaker” and the person who is considering the franchise is referred to as “you” or “your.” The business that is operated under the Franchise Agreement is referred to as the “franchise” or the “franchised business” and the right to operate granted by the Franchise Agreement is sometimes referred to as the “license” or “franchise.” If you are a legal entity, certain provisions of the Franchise Agreement and related agreements apply to your shareholders, officers, directors, members or partners individually. These provisions are noted.

This disclosure document outlines and summarizes some contractual obligations of both the franchisor and the franchisee which are found in the Franchise Agreement and other agreements. For ease of reference and understanding, these obligations may be paraphrased or described in general terms in this document. Such outlines or summaries do not supersede, replace or modify the actual text of the obligation contained in the relevant agreement.

The Franchisor, and any Parents, Predecessors, and Affiliates

The franchisor is Worldwide Refinishing Systems, Inc. We were incorporated in the State of Texas on October 7, 1975, under the name Gnu Services Corporation. We changed our name to Worldwide Refinishing Systems, Inc. on December 15, 1988. We maintain our principal place of business at 510 N. Valley Mills Dr., Suite 304, Waco, Texas 76710. We do business under our corporate name and under the name DREAMMAKER BATH AND KITCHEN BY WORLDWIDE®. We have no predecessor or parent company. We do not engage in any other business activity. Our agents for service of process are listed on Exhibit E.

From 1975 to 1995, we offered franchises which refinished, repaired and replaced porcelain, laminate, wood, ceramic tile, cultured marble, fiberglass and other surfaces. Since 1996, we have offered franchises of the type described in this disclosure document. We offer these franchises as “Start-Ups” or you have the option to convert an existing business into a franchise (a “Conversion”). We do not own or operate any franchises. We have not offered franchises in any other line of business.

Description of the Franchise

You will perform residential and commercial bathroom and kitchen remodeling, cabinet refacing, safety and mobility modifications, and perform related services and sell related products. You will focus primarily on interior remodeling, but will also provide exterior remodeling and restoration projects as needed. You will operate the franchised business under our service mark DREAMMAKER BATH & KITCHEN BY WORLDWIDE® and the additional principal service marks, trademarks, trade names, logos, emblems, slogans or indicia of origin which are or may be designated by us in the future (the “Marks”) for use in accordance with the methods and processes developed by us in connection with the franchise (the “System”) within a specified geographical area (the “Territory”). Our standard form of Franchise Agreement is attached to this disclosure document as Exhibit B.

Market and Competition

There are other nationally recognized trade names in the remodeling industry. The franchise offers services to the general public, including residential and commercial customers, and the services are offered in a developed market. You will compete with local and national remodeling businesses when you open for business or sometime in the future as the remodeling businesses expand.

Industry Specific Regulations

Federal, state and local labor regulations, including minimum age and minimum wage laws and other laws and regulations apply to businesses generally. The franchise is also subject to Federal, state and local occupational health and safety regulations. Your locality may have licensing requirements for performing

remodeling services. You must comply with all Federal, state and local regulations concerning the franchise, including all laws and regulations concerning the proper handling of blood borne pathogens, chemicals and hazardous wastes. You must obtain any permits or contractor's licenses required in your locality. If you elect to participate in the offer of financing for your customers, you may also be subject to privacy and security laws and laws governing the reuse and disclosure of customers' personal information. Your territory may require that your franchise be bonded. These laws vary from place to place and they could affect the operation of your franchised business.

## **ITEM 2 BUSINESS EXPERIENCE**

### President and CSO: Douglas A. Dwyer

Mr. Dwyer has served as our President since December 1997 and as our Chief Stewarding Officer since January 2005 in Waco, Texas.

### Secretary and Vice President: Amy Fore Mosley

Ms. Mosley has served as our Secretary since March 2009 and Vice President since March 2012 in Waco, Texas. Ms. Mosley previously served as our Vice President of Franchise Support and Administration from January 2009 to March 2012.

### Senior Franchise Coach: Dale E. Ressler

Mr. Ressler has been our Senior Franchise Coach, in Elizabethtown, Pennsylvania, since January 2018. He is owner of, and has served as President of DMBK of Elizabethtown, in Elizabethtown, Pennsylvania, since November 2006.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

### Initial Franchise Fee

The minimum initial franchisee fee is \$40,000, plus \$200 per 1,000 population for additional territory, less applicable discounts, as described below. You must pay to us an initial franchise fee of \$40,000 for a Territory containing a population of 200,000, which is the minimum Territory you may purchase for more rural and less densely populated areas; or an initial franchise fee of \$48,000 (which includes the Population Discount) for a Territory containing a population of 300,000, which is the minimum Territory you may purchase for more densely populated and urban areas. Additional territory, if available, costs \$200 per additional 1,000 population and generally consist of no more than 1,000,000 individuals. A larger population may be allowed under certain exceptional circumstances to be determined at our discretion.

The initial franchise fee is used to cover our costs in obtaining the Marks, recruiting, training, and supporting you in the initial phase of your operation. You must pay the initial franchise fee in full when you sign the Franchise Agreement and it is fully earned and nonrefundable. Financing for the initial franchise fee may be available as noted in Item 10. We do not finance the franchise development package.

### Franchise Development Package

Before you begin the operation of the franchise, you must pay us \$18,995 for our franchise development package, which includes initial sales training and contains many of the items you will need to equip your franchise in accordance with our standards and specifications. See Items 7 and 8 for more information about the franchise development package. This fee is not refundable for any reason and this fee will not be discounted for any reason. All orders of the package must be placed within 90 days of completing Waco Training or those funds will be forfeited.

### Initial Advertising and Promotional Deposit

When executing the Franchise Agreement, you will pay us an amount between \$12,000 and \$42,000, to be determined in our discretion, which we will hold as a deposit. At least \$12,000 of the deposit amount, or such other greater amount we determine (the “Franchisor’s Draw”), will be spent by us on advertising and promotional activities connected with your franchised business. The remainder of the deposit will be returned to you as you incur expenditures related to approved advertising and promotional activities. The lower range of the deposit amount applies to Conversions, while the higher range applies to Start-Ups. We will provide you with a list of approved advertising and promotional activities on which this amount can be spent and, once you submit to us proof that you have incurred such related expenses, we will return to you the related expenditure amount, up to the deposit amount, less the Franchisor’s Draw. You may submit for our approval additional types of advertising and promotional activities; however, you must receive our written approval in order to request that the amount be drawn from your deposit.

If you do not submit proof of approved advertising and promotional expenditures at least up to the amount of the remainder of your deposit within 12 months of the first Monday after completion of Waco Training the balance will be forfeited. The deposit is refundable before the completion of Waco Training if the Franchise Agreement terminates for any reason, less any expenditure already incurred in connection with your franchised business. Beginning as of the first Monday after completion of Waco Training, however, the deposit is only refundable as described above.

### Initial Accounting Services Fee

When executing the Franchise Agreement, you will pay us an amount between \$3,225 and \$6,600 to be determined in our discretion, which will pay for services from our designated bookkeeping and accounting services provider for a period of 12 months following the sale of your first DreamMaker project. The lower range of the deposit amount applies to Conversions, while the higher range applies to Start-Ups.

### Design Center Buildout Deposit

When executing the Franchise Agreement, you will pay us \$2,500, which we will hold as a deposit. The deposit will be returned to you upon submission of an estimate of your design center buildout in EMT, our proprietary software, and you review your submission with your franchise coach.

### Software License Fee

Upon signing the Franchise Agreement, you must pay us a software license fee of \$3,995 for your use of software that we own or otherwise have a right to license to you (“Franchisor’s Software”). The software license fee is fully earned at that time and is nonrefundable. Franchisor’s Software includes financial related software such as a QuickBooks template that allows formatting of financial information to coordinate with our systems and industry-specific job costing capability (the “Financial System”) and software which provides and combines contact management, sales and lead tracking management, job estimating, and proposal generation, and which produces take-off lists for production and interfaces with our required accounting software (“Customized Management Software”). This fee is subject to change and may increase in the future. In addition, it is anticipated that you will need to engage the services of other professional consultants from time to time to assist with the training, deployment or enhancement of the Franchisor’s Software.

### Discount Programs

Our discount programs are described below:

#### Cash Discount

If you pay us the entire initial franchise fee in cash before the expiration of 60 days from the effective date of your Franchise Agreement, we will discount the initial franchise fee by 5%.

#### Population Discount

If you purchase a territory containing a population of 300,000 or more we will discount the initial franchise fee by 20% to 25%, depending on the population of the territory, as shown in the chart as follows:

<b>Percentage Discount</b>	<b>Population</b>
20%	300,000 - 499,999
25%	500,000 and over

The Population Discount is based on the population of the territory you purchase at the time you sign the Franchise Agreement and not on the combined population of the territory you purchase and any territory included in an option.

#### Roll-In Discount for Existing Business

If you have an existing business with annual gross sales of \$100,000, which is similar to the franchise and you agree to merge the business with the franchised business, we will discount the initial franchise fee by 1% for every \$20,000 in annual Gross Sales you agree to "roll-in" to the franchise, up to a maximum discount of 50%.

#### HIRE Discount for Employees of Franchisees

We have a discount program to reward qualified employees of our franchisees who have been recommended by their employer, have been employed by our franchisee for at least two years, and who otherwise qualify to be our franchisee, calculated as follows:

<b>Percentage Discount</b>	<b>Years of Consecutive Employment</b>
10%	2
15%	3
20%	4
30%	5
40%	6
50%	7

Franchises granted by us under the HIRE Program will generally contain a population of 200,000. The HIRE Discount applies only to the first 200,000 of population and does not apply to any additional initial franchise fee. If you wish to acquire a territory containing a population of more than 200,000, you must pay the additional initial franchise fee at our usual rates except for territories of more than 300,000 of population in which you may qualify for the Population Discount (see discount rates above).

#### VetFran Discount

We are a member of the International Franchise Association and we participate in the International Franchise Association's VetFran Program. If you are an honorably discharged veteran who meets our qualifications for purchasing a franchise, we will discount the initial franchise fee by \$5,000.

### Combination and Application of Discounts

The VetFran discount will be applied first and any other discounts will be applied to the net amount after the VetFran discount. The VetFran discount cannot be used on additional territory.

You may use the Cash Discount and either the Territory Discount or the Roll-In Discount. You cannot use both the Roll-In Discount and the Territory Discount. If you qualify for both the Roll-In Discount and the Cash Discount, these discounts will be calculated as shown in the following example: You agree to “roll-in” \$1,500,000 in annual Gross Sales from an existing business you own, and you also agree to pay the initial franchise fee in cash. On an initial franchise fee of \$100,000, you first receive a 50% Roll-In Discount on the initial franchise fee, reducing the initial franchise fee to \$50,000. You will then receive a 5% Cash Discount on the discounted initial franchise fee of \$50,000, reducing the initial franchise fee to \$47,500.

You cannot use the HIRE with any other discount except the Cash Discount.

If you qualify for the VetFran or HIRE discounts, you must have and maintain during the term of the Franchise Agreement a 51% majority interest in the beneficial ownership and voting interest of the franchisee if the franchisee is a corporation, partnership or other entity (not a natural person).

The above examples are for illustration only. Any questions about application or combination of discounts, including questions about the order in which discounts may be applied, will be resolved by us in our sole discretion.

### Option for Additional Territory

You may, if qualified, purchase a one-year (18 months in the case of a Start-Up) option on additional territory by paying us a fee of 10% of the initial franchise fee for the territory you wish to buy when you purchase a franchise.

You must sign an Option to Purchase Agreement (attached as Exhibit F-7 to this disclosure document). At any time within the one-year (or 18 months for Start-Ups) period beginning from the effective date of your Franchise Agreement you may purchase the additional territory by paying us the balance of the initial franchise fee. The 10% deposit will be applied to the purchase price. We do not refund your deposit if you decide to not purchase the additional territory. You may also acquire an additional territory during the term of the Franchise Agreement by entering into another Franchise Agreement for the additional territory or, at our option, an amendment to your existing Franchise Agreement, for that particular territory if available. When you purchase additional territory, whether or not through the Option to Purchase Agreement we may require that you sign a general release releasing us from all claims you may have except claims which, under state law, may not be released.

### Resale Training Fee

You may acquire an existing franchised business on terms negotiated between you and our franchisee, subject to the transfer provisions of our franchisee’s agreement with us. You must pay us a Resale Training Fee of \$3,500 if you purchase an existing franchised business. See Item 6. If you acquire an existing franchised business you must also pay the Initial Sales Education Fee of \$3,500 and require your Operating Principal to participate in this sales-related training program.

### Additional Training Costs

You must complete our Foundations Training, attend Waco Training, and complete our Simulation Training before you begin operating the franchise. See Items 7 and 11 for more information.

You may send three people (including you) to Waco Training at no additional cost. If you wish to send additional employees to Waco Training, before training begins, for each employee, you must pay us \$1,500.

Brand Protection Fund

We have the right to require you to participate in our Brand Protection Fund (“BPF”), and to contribute to the BPF \$5,000 when you sign the Franchise Agreement or at such later time as we may require. See Item 11. The Brand Protection Fund contribution is nonrefundable and uniform for all new franchisees.

**ITEM 6  
OTHER FEES**

<b>TYPE OF FEE<sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	Standard: 7% to 3% Roll-in: 3% to 2% of the “rolled-in” Gross Sales (see Notes 2 and 3)	Wednesday of each week	You must pay the Royalty Fee by automatic bank draft. Some banks or other financial institutions charge a fee for electronic transfers, which can range from \$3 to \$15 per transfer. These electronic transfer fees are often negotiable. See Item 11 for more information about electronic reporting of Gross Sales and payment of Royalty Fees by automatic bank draft.
Minimum Royalty Fee	Beginning (a) eight months after we execute the Franchise Agreement or (b) four months after your Start Date, whichever occurs first, you must pay a Royalty Fee of \$120 per week. Beginning the week following the first anniversary of the date we execute the Franchise Agreement, you must also pay us an additional \$45 per week for each additional 100,000 in population over the minimum population of 200,000. The population in your territory is subject to increase each January. (See Note 5.)	Wednesday of each week	If you are “rolling-in” an existing business, the Minimum Royalty Fee begins 60 days after we execute the Franchise Agreement or when you complete Waco Training, whichever occurs first, and will be a certain percentage (2%-3%, depending on annual Gross Sales rolled in; see Note 2) of the Gross Sales “rolled-in”. This percentage will apply for 16 weeks. Thereafter, you will pay the greater of the percentage amount or \$120.00 until the expiration of 24 months or 10 years from the effective date of the Franchise Agreement (depending on the amount you “roll-in”), at which time you will begin paying the greater of the percentage amount or the Minimum Franchise Royalty Fee described in the Franchise Agreement. If you are renewing your license, the Minimum Royalty Fee begins with the first week of the term of the renewal Franchise Agreement. (See Notes 2 and Note 5.)
Marketing, Advertising, and	2% of Gross Sales for the first \$1,000,000 of Gross Sales per year and	Wednesday of each week	All MAP Fee contributions go into a MAP Fund that we administer as explained in Item 11 and Sections

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Promotion Fee (“MAP Fee”)	1% of Gross Sales for all sales which exceed \$1,000,000 in one year. However, if you have an existing business which you “roll-in” to the franchise, we will discount the MAP Fee to 1% of the “rolled-in” amount for a certain period of time. (See Notes 2 and 3.)		3.E. and 4.C. of the Franchise Agreement. (See Note 1.)
Minimum MAP Fee	1% of Gross Sales “rolled in”	Wednesday of each week	Wednesday of each week. The Minimum MAP Fee applies only if you “roll-in” an existing business. (See Note 2.)
Advertising Cooperative	If a local or regional Cooperative is formed for a geographic area that includes your territory, you will determine the annual contribution in cooperation with the other members of the Cooperative. We specify that the maximum annual contribution to a Cooperative cannot exceed 2% of your Gross Sales. (See Note 3.)	Determined by members of the Cooperative	A local or regional Advertising Cooperative may be established by a group of franchisees, with our permission, for a specific geographic area. The members of the Cooperative establish their own procedures and contributions as explained in Item 11. If we own a unit that is a member of a Cooperative, it has the same vote as any other member of the Cooperative and makes the same contribution. If we do not own a unit, we do not vote.
Required Advertising Spending	The initial advertising and promotional deposit will cover the first year’s advertising spending requirement. During the second year, you must spend at least 5% of your annual Gross Sales, and during the third and each additional year, you must spend at least 3% of your annual Gross Sales.	When you are billed/as incurred	You must spend the required amount on local marketing and promotion of the services and products available through the Franchise in accordance with our standards and specifications. This requirement is in addition to any MAP Fee or any contribution to a Cooperative.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Resale Training Fee	\$3,500 for up to three people; \$1,500 per additional individual.	Before training	If you buy an existing franchised business you must attend our Waco Training program. When you pay the \$3,500 we will provide our Waco Training program for up to three individuals. Any additional persons must pay a training fee of \$1,500.
Additional Voluntary or Mandatory Training	Ranges between \$250 to \$1,000 per person per day. If training is conducted on-site at your location, you must also reimburse us for our actual costs.	Before training	The training provided may be business or technical, classroom or workshop-based in nature, which will affect the daily cost of the training. If we or our designee travels to your location to provide the training, you must also reimburse us for actual costs, including travel, lodging, and dining costs.
Convention Registration Fee	Usually \$250 to \$350 per person, with discounts for early registration. For non-participants, there is a separate charge for the Awards Banquet, usually \$35 for children under 12 and \$75 for persons over 12. These fees may increase in the future.	Currently, drafted on April 1 <sup>st</sup> before Reunion	We charge you a per-person registration fee to attend the Reunion. This amount is automatically drafted from your account and is nonrefundable upon payment. (See Item 11.)
Continuing Education Fee	\$100	The 15 <sup>th</sup> of each month or such other time as we designate.	Beginning the first full week after you complete Waco Training, you must pay us a monthly training fee of \$100. If you are current in payments, you may qualify for reimbursement of certain training-related expenses. (See Note 4.)
Monthly Software Maintenance and Support Fee	Currently, \$385	Monthly beginning after Waco Training	Beginning the first full week after you complete Waco Training you must pay us, via automatic bank draft, a monthly Software Maintenance and Support Fee (or beginning with the first week of the term of your renewal Franchise Agreement if you are presently a franchisee). The amount of such

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
			<p>fees will be the then-current amount we charge to franchisees for software maintenance and support fees. We may increase monthly fees, and/or modify the services that are provided for these fees, but we will notify you of any changes applicable to you. The current Monthly Software Maintenance and Support Fee includes a specific number of user seats for each software supported. Additional fees will apply for additional user seats. Currently, this amount ranges from \$55 to \$65 per user per software. Any payment not made within ten days after the payment is due will bear interest at the rate of 1½% per month.</p>
Construction Design Review Fee	\$2,500	On demand	<p>Construction plans for your franchised location must be approved before construction begins; you must pay us a \$2,500 construction design review fee and our then-current charge for travel (currently the charge is \$2,000) if you do not get our written approval of your plans before construction begins. (See Note 6.)</p>
Transfer Fee	<p>10% of sales price or a transfer fee of \$5,000, whichever is greater</p> <p>\$1,500 if transfer is to an entity controlled by you or to an immediate family member</p>	Before transfer	<p>You must pay to us the 10% fee on the total gross sales price of the franchised business including all assets of the business to us when you sell your franchised business.</p>

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Warranty Escrow Upon Transfer	Up to 10% of sales price	Upon transfer	If you sell your franchised business, we may hold up to 10% of the purchase price in an escrow fund for a period of one year. If a warranty or service agreement claim is made, we will charge the escrow fund our then-current hourly service fee (a minimum of \$75 per hour) for labor, plus the actual cost of materials and supplies, a handling fee equal to 10% of the cost of materials and supplies, plus a \$150 handling fee for each claim. At the end of the one-year period, we will release any remaining escrowed funds to you minus a handling fee of \$250.
Late Report or Amended Report Fee	\$15 per late Report \$35 per amended Report	On demand	The Late Report Fee applies to Royalty Reports received from you more than five days after the due date. The Amended Report Fee applies to Royalty Reports which require amending after submission due to inaccuracy or error.
Administrative Enforcement Fee	\$50 for monthly financial statement; \$100 for yearly financial statement or insurance policy renewal; \$250 for annual business budget; \$250 for tax-related return or letter due; \$250 per enforcement effort (i.e., written or verbal notification and follow up), and \$250 per week that the issue remains unsolved	On demand	Applies only should you fail to submit, when due, statements due under your Franchise Agreement. We may assess an administrative fee to compensate us for our time.
Software Administrative Enforcement Fee	\$1,000 per occurrence	On demand	Applies only if you fail to purchase, install, or enter into license or user agreements related to any software or required technology you must use in connection with your franchise.
Dishonored Check or ACH Draft	\$75	On demand	If your financial institution returns a check or ACH draft for

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
			insufficient funds, you must pay us this fee for each item returned.
Interest	12% on unpaid balances or the maximum interest rate permitted by law, whichever is less	On demand	Payable on all overdue amounts.
Failure to Maintain Insurance	Our actual cost	On demand	If you fail to maintain the required insurance coverage on your franchise, we may acquire and pay for the insurance coverage and charge you.
Audit	Cost of audit plus expenses if underpayment is 3% or more	When you are billed	Payable only if we find an understatement of Gross Sales of 3% or more by audit.
Renewal Fee	\$7,500	On renewal	See Item 17 of this disclosure document and for more information about the terms and conditions for the renewal of your Franchise Agreement.
Amendment Fee	Our actual out-of-pocket costs, including legal costs, with a minimum fee of \$500	When you are billed	You must pay us a processing fee for modifications to your Franchise Agreement that are made at your request. When you request an amendment to your Franchise Agreement or related agreements, we may require that you sign a general release releasing us from all claims you may have except claims which, under state law, may not be released.
Unapproved Vendors	Our actual out-of-pocket costs of inspection, review, or testing, whether or not we approve the item.	On demand	If you want to purchase items under specification from an unapproved vendor, you must make a written request. If we are not familiar with the vendor or if we believe it necessary, we may request a sample of the item for inspection, review, or testing before either granting or withholding our approval.
Liquidated Damages	According to a formula based on your two-year Royalty Fee history or the length of time you violated the co-branding provision	On demand	If you violate the covenant against competition or other confidential provisions or the co-branding provisions and we are unable to obtain equitable relief, we may

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
			demand liquidated damages. (See Note 7.)
Tax Reimbursement	Varies according to tax	When you are billed	You must pay us an amount equal to any sales tax, gross receipts tax, income tax, or other taxes or assessments imposed on us with respect to any payments due to us under the Franchise Agreement.
Holdover Amounts	Royalty Fee and MAP Fee payments will equal 150% of the rates described in your Franchise Agreement	Weekly	If you continue to operate the franchised business after the expiration of the initial term before completing the requirements to renew, the Royalty Fee and MAP Fee will automatically increase at the initiation of any holdover period.
Indemnification	Varies according to loss	On demand	If we must engage an attorney to enforce our rights under the Franchise Agreement and we prevail, you must reimburse us for all reasonable attorneys' fees, court costs and expenses expended or incurred in enforcing our rights. If we are sued because of something you do or fail to do, you must indemnify us and/or reimburse us for all costs, including reasonable attorney's fees (which may include outside counsel fees and in-house legal costs charged at rates comparable to outside attorneys), court costs and expenses we incur.
Brand Protection Fund	\$5,000	On demand	A brand protection fund may be established. If such a fund is established, you must pay us \$5,000 for contribution to the fund. This contribution is not refundable.

**Note 1.** All fees are imposed by us and are payable to us. All fees are non-refundable and we may require that all fees, including late fees and interest charges, be paid by automatic bank draft. For the calendar year 2019, MAP Fees will be capped at \$30,000 for new franchisees, but may be capped at a different amount for franchisees who entered into Franchise Agreements before the date of this disclosure document.

**Note 2.** During the term of the Agreement, beginning the first full week after you complete Simulation Training or when you begin operating the franchise, whichever occurs first, you must begin to report Gross Sales and pay us a weekly Royalty Fee based on your annual aggregate Gross Sales, as indicated in the chart below. The Gross Sales calculation will be based on reports due to us during the period beginning on

January 1<sup>st</sup> and ending on December 31<sup>st</sup> of each calendar year. As reports are due on a weekly basis, the first report of each year may include Gross Sales from the previous year.

<b>Annual Aggregate Gross Sales</b>	<b>Royalty Fee Percentage</b>
\$0 – \$399,999	7%
\$400,000 – \$799,999	6%
\$800,000 – \$1,199,999	5%
\$1,200,000 – \$1,999,999	4%
\$2,000,000 – over	3%

If you have an existing business which is similar to the franchise and you agree to merge the existing business with the franchise, we will discount the Royalty Fee according to the rates in the following chart on the “rolled-in” Gross Sales and discount the MAP Fee to 1% of the “rolled-in” Gross Sales for a certain period of time based on the amount of Gross Sales you “roll-in”:

<b>Annual Gross Sales Rolled-In</b>	<b>Royalty Fee Percentage</b>
\$0 – \$499,999	3%
\$500,000 – \$999,999	2.5%
\$1,000,000 – \$1,500,000 <sup>1</sup>	2%

Note 1. You may not “roll-in” more than \$1,500,000 in Gross Sales.

You will still be required to pay us an additional Royalty Fee and MAP Fee at the rate stated in the chart above in this Note 2, on the combined sales volume if you exceed, in any given year, the annual Gross Sales “rolled-in”. The discounted fees on the “rolled-in” Gross Sales apply for the time periods shown below:

<b>Amount Rolled-In</b>	<b>Years</b>
Up to \$100,000	0
\$100,001 - \$1,000,000	2
\$1,000,001 – over	10

For additional information for an existing business with \$100,001 - \$1,000,000 of Gross Sales that you merge or “roll-in” with the franchise, see Exhibit F-3 of this disclosure document. For additional information for an existing business with \$1,000,001 or more of Gross Sales that you merge or “roll-in” with the franchise (“Large Roll-in”), see Exhibit F-4 of this disclosure document.

Note 3. Gross Sales means all revenues of the franchised business, being all revenues from services performed from, through, by or on account of the operation of the franchise and/or revenues from the sale of products, less the amount of sales tax or similar receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. Gross Sales does not include any bona fide refunds, rebates or discounts granted in the ordinary course of business. Gross Sales includes all sales, whether cash or credit, including, credit card and debit card transactions and payments using a check, via wire transfer, or any other form of electronic or digital payment, with payment received at the time the debit, charge, check, or payment is made. If a transaction that was included in a prior period’s report of Gross Sales is subsequently determined to be uncollectible, that amount will be allowed as a credit against the Gross Sales reported to us for the period in which the determination is made. Gross Sales does not include income generated by your operation of any competitive business identified on Exhibit B-1 of the Franchise Agreement (“Competitive Business”) if (i) the operation of the Competitive Business does not interfere with your operation of the franchised

business; (ii) you do not utilize our Marks, System and Confidential Information in the operation of the Competitive Business; (iii) the Competitive Business does not directly compete with the franchise by offering the same services and/or products as the franchise; and (iv) you maintain separate books and records for each of the franchise and the Competitive Business. If you keep separate sales accounts and costs of sales accounts within an existing bookkeeping system, we will consider the separate books and records requirement to have been met. You must agree to make the books and records for your Competitive Business available to us upon reasonable prior written notice so that we may verify your compliance with the requirement concerning separate books and records.

If you have an existing business with work that was started prior to execution of the Franchise Agreement then, beginning with the Monday following the completion of Waco Training for the jobs which you have already received a deposit or design fee but no construction has started, you must report all Gross Sales received from this date on. For jobs where construction started before this date you do not have to report Gross Sales received from that job.

Note 4. Beginning the first full week after you complete Waco Training or when you begin operating the franchise, whichever occurs first, you must pay us a Continuing Education Fee of \$100 a month via automatic bank draft. If you meet certain requirements, it is our current policy to reimburse you for expenses you incur in attending certain specified training meetings, up to a defined limit. For the first meeting, we will reimburse you for expenses up to the sum of your Continuing Education Fee payments or \$600, whichever is less; for each additional meeting, we will reimburse you \$600. Total reimbursement, for any year, will not exceed the sum of your Continuing Education Fee payments or \$1,200. To qualify for reimbursement, you must be current in all payments due under the Franchise Agreement, including the Continuing Education Fee, and you must attend the training meeting in its entirety. Currently, a January Training Workshop, Reunion, and the Team Conference site visit are the only meetings that that qualify for this payment. Your reimbursement payment will be processed and sent to you in the time and manner we determine. The \$100 monthly fee is not refundable, will not be kept in a separate account or fund and will not be separately accounted for. We may modify or discontinue this policy at any time. If you are not current in payments owed to us, but have attended or completed a qualified event, we reserve the right to apply each \$600 payment you are entitled to receive towards your overdue amount in lieu of remitting cash to you.

Note 5. We may increase the Minimum Royalty Fee each January by an amount equal to the increase, if any, in “The Consumer Price Index for All Urban Consumers, U.S. City Average, All Items published by the U.S. Bureau of Labor Statistics, or any successor or substitute index appropriately adjusted. It shall never be increased more than once per calendar year and it will never be increased by more than \$20 per week in any calendar year period. The population in your territory is subject to increase January 1<sup>st</sup> of each year by an amount equal to the estimated population increase prepared by the U.S. Census Bureau or any substitute source. If you are renewing your Franchise Agreement, the Minimum Royalty Fee begins with the first week of the term of the renewal Franchise Agreement and is the greater of the Minimum Royalty Fee in the renewal Franchise Agreement or the Minimum Royalty Fee in your existing Franchise Agreement. “Start Date” means the first Monday after completion of Simulation Training or four months after the signing of the Franchise Agreement, whichever occurs first.

Note 6. Construction designs and plans must be approved by us before construction begins. If you do not get our written approval of your designs and plans before construction begins you must pay us a \$2,500 construction design review fee and our then-current charge for travel (currently the charge is \$2,000). Our approval must be in writing and applies to all designs, plans and modifications to designs and plans. Upon review, any required modifications must be made and paid for by you.

Note 7. If you violate the covenant against competition or other confidentiality provisions, we may, at our option, demand liquidated damages equal to 104 times the sum of largest weekly Royalty Fee and largest weekly MAP Fee paid by you to us during the term of this Franchise Agreement. The Existing Business

Addendum, Exhibit F-3 to this disclosure document and the Existing Business Addendum – Large Roll-In, Exhibit F-4 to this disclosure document, both provide for liquidated damages according to a formula based on the amount of time you violate co-branding provisions if we do not or cannot obtain equitable relief.

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

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee (see Note 2)	\$40,000 to \$48,000 plus \$200 per 1,000 additional population over the minimum	Cashier's Check	When you sign the Franchise Agreement	Us
Software License Fee (see Note 3)	\$3,995	Cashier's Check	When you sign the Franchise Agreement	Us
Vehicle (see Note 4)	\$0 to \$9,000	As arranged	As incurred	Independent Vendors
Equipment, Supplies & Inventory (see Note 5)	\$27,555 to \$31,555	As arranged	As incurred	Independent Vendors and Us
Insurance (see Note 6)	\$2,000 to \$5,500	As arranged	As incurred	Independent Carriers
Initial Advertising & Promotional Deposit (see Note 7)	\$12,000 to \$42,000	Cashier's Check	When you sign the Franchise Agreement	Us
Training, Travel, Lodging & Food (see Notes 8 and 12)	\$4,000 to \$7,500	As arranged	As incurred	Independent Vendors
Deposits, Permits & Licenses (see Note 9)	\$0 to \$2,000	As arranged	As incurred	Independent Vendors
Real Estate (see Note 10)	\$24,300 to \$109,400	As arranged	As incurred	Third party suppliers
Professional Fees (see Note 11)	\$8,225 to \$11,600	As arranged	As incurred	Third party suppliers
Additional Funds – 9 – 12 mo. (includes estimated personal living expenses for 6 –	\$18,000 to \$91,500	Cash	As incurred	Various Payees

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
12 mo.) (see Note 13)				
Refundable Design Center Buildout Deposit (see Note 14)	\$2,500	Cashier's Check	When you sign the Franchise Agreement	Us
Totals (see Note 15)	\$142,575 to \$364,550 plus any additional franchise fee			

**Note 1.** For all items in the table above other than those that you pay to us at signing of the Franchise Agreement you must arrange up front the required amounts in a bank account or have a dedicated line of credit. We will require evidence to our satisfaction that these arrangements have been made.

**Note 2.** The minimum initial franchise fee to be paid to us is \$40,000 for a Territory containing a population of 200,000, which is the minimum Territory you may purchase for more rural and less densely populated areas; or an initial franchise fee of \$48,000 (which includes the Population Discount) for a Territory containing a population of 300,000, which is the minimum Territory you may purchase for more densely populated and urban areas. You may purchase a Territory of up to a 1,000,000 in population where the Initial Franchise Fee is calculated as \$200 per 1,000 population. You must pay to us an initial franchise fee of \$40,000. However, there are certain situations in which you might qualify for a discount on the initial franchise fee as described in Item 5. You must pay the initial franchise fee in full when you sign the Franchise Agreement. We may agree to finance a portion of the initial franchise fee, depending upon your credit-worthiness, the collateral which you have available to secure the loan and our then-current lending policies, as explained in Item 10. Monthly loan payments depend upon the amount financed. The initial franchise fee is not refundable except as described in Item 5. A territory will generally contain a population ranging from 200,000 to 1,000,000. A larger territory may be allowed under certain exceptional circumstances to be determined at our discretion. See Item 5 for more information about the initial franchise fee, see Item 10 for more information about financing, and see Item 12 for more information about territory.

The numbers in the chart do not reflect the \$5,000 veteran's discount. If you qualify for our veteran's discount, as described in Item 5, your estimated initial investment ranges from \$137,575 to \$359,550.

**Note 3.** Upon signing the Franchise Agreement, you must pay us a software license fee of \$3,995. We may increase these fees, and/or modify the services that are provided by us or our designee for these fees, but we will notify you of any changes applicable to you. We may remit a portion of this fee to a service provider and retain a portion of the fee to cover our costs and development. See Items 5 and 11.

**Note 4.** At least one full-size cargo van, truck-enclosed trailer combination or truck-camper-top combination (vehicle) is required. Minimum acceptable enclosed trailer size is 6' x 10' with a minimum height of 6'6". Trailers must meet quality standards comparable to Wells Cargo® brand. A camper top cannot have windows, must be professional in appearance and satisfactory in appearance to us.

Each vehicle must not be more than four years old at the time of acquisition, in excellent condition, white in color (including truck-enclosed trailer combination) and have the required graphics decal/wrap package, including Marks professionally applied before the vehicle is put into service. We do not sell or lease vehicles. An existing vehicle can be converted for use in the franchised business or you may choose to acquire a vehicle; either must meet our specifications. One graphics wrap set featuring our Marks for a standard van is included in your franchise development package. You must purchase a graphics wrap set for each additional vehicle from our preferred vendor. Currently, a trademark graphics wrap set for a

standard van costs \$3,200. The low figure assumes you currently own a full-size cargo van or truck that meets our qualifications. The high figure assumes that you are purchasing or leasing a cargo van or truck that is four years old or newer, and financing a \$20,000 total purchase price over three years. The high figure represents a 20% down payment, plus taxes, title and registration, and nine months' finance payments of \$550 each. The estimated cost range reflects the cost of acquiring a vehicle only that meets our standards, not including the graphics wrap package. You may customize your vehicle wrap to include additional approved information for an additional charge.

Note 5. If you already own an existing business similar to the franchise, you will own much of the necessary equipment, supplies and inventory, including computer hardware and software, to begin the operation of your franchise. The low estimate shown here assumes that you already own an existing business similar to the franchise with many of these necessary items. However, you must get approval for items such as computer hardware and software because all of these items must meet our specifications. The high estimate shown here assumes you do not own an existing business, and includes office and field equipment, software and printer, etc., including inventory and supplies needed to equip your franchise in accordance with our standards. Both estimates include printed material (i.e., business cards, stationery, brochures, marketing materials, etc.), certain software packages, the franchise development package that must be purchased from us for \$18,995, and initial sales training.

Note 6. You must purchase the insurance coverage described in Item 8. If you do not, we can purchase it for you and bill you for our costs. Insurance costs will vary depending on such factors as the number of vehicles to be insured, your driving record (or your employees' driving records), the insurer you choose, your location and other factors bearing on risk expense practices which apply to your locality.

Note 7. You will need to advertise locally in the start-up phase of your franchise to help establish name recognition in your locality, as well as generate customer leads. This deposit amount will be paid to us and returned to you as described in Item 5 and Item 11.

Note 8. See Items 6 and 11 for more information. You should allow at least the minimum amount stated above for travel, lodging, food and other miscellaneous living expenses incurred during Waco Training. Your actual costs will vary, depending on the distance traveled, method of travel, and your personal preferences. The low estimate shown above assumes we will train no additional people. The high estimate includes an additional amount of training fees and costs in the event you wish us to train additional employees. Both estimates include the required visit to a franchise during the Simulation Training and a required visit to our preferred cabinet vendor.

Note 9. We do not require any prepaid deposits, permits or licenses before you begin the operation of your franchised business but your particular locality may require a permit or license to perform remodeling services or have other business licensing requirements. You are responsible for obtaining any permits or contractor's licenses as well as any other business licenses required in your locality. You should consult your attorney or your local city, county and state authorities about the specific legal requirements for payment of sales tax and business licenses and related types of expenses.

Note 10. Within six months after completing Waco Training, you must begin operating from a commercial location that meets our then-current site selection criteria for a design center as set forth in the Manual. The low estimate amount we have allocated is for a period of seven months and is based on our estimate of what you may have to pay for a mortgage or lease, utilities, and furnishings to meet our minimum requirements for a retail design center. The high estimate is for costs of acquiring additional space and subsequent mortgage or lease, utilities, buildout, displays and furnishing for your design center. No other related costs are included. Your costs will vary and you must make your own individual estimate of expenses for real estate based on costs in your local market. See Item 11 for more information.

Note 11. This estimate is for fees that will be charged by your attorney to review the Franchise Agreement and other documents, to advise you and to incorporate a business entity on your behalf, as well as those

charged by your accountant and/or financial advisor. These are estimates and your actual fees may vary significantly depending on the specific work you request, the advisors you select and the rates for professional fees in your area. The low assumes the business is a conversion and the high assumes a start-up.

Note 12. We charge you a per-person registration fee to attend the Reunion. We determine the registration fee in the fall of each year for the following year's Reunion. The registration fee is usually \$250 to \$350 per person, with discounts for early registration and for subsequent attendees. For non-participants, there is a separate charge for the Banquet, usually \$45 for children under 12 and \$75 for those over 12. These fees may increase in the future. We will automatically draft the Reunion registration fee. Currently, we draft the registration fee on the April 1<sup>st</sup> before Reunion. This fee is nonrefundable because your attendance is required.

Note 13. We recommend that you have additional funds available during the start-up phase of your franchise. These amounts are our estimates of the amount needed to cover your expenses before opening and for a six to 12-month period from the date you open for business, and include funds needed to pay the Software Maintenance and Support and Continuing Education Fees. These figures are only estimates and we cannot assure you that you will not have additional expenses starting your franchise. Your actual costs will vary according to your approach to the franchise; your management skills, experience and business acumen; local economic conditions; the local market for the franchise's services; the prevailing wage rate in your market; competition; the rate of growth of your franchise and size of your retail design center in which you operate for the first nine to 12 months you are in business. We recommend that you obtain independent estimates from third-party vendors of the costs which would apply to your establishment and operation of a franchise or discuss the economic experience of opening and operating a franchise with our current and past franchisees. Included in additional funds is an estimate of personal living expenses estimated at \$3,000 to \$6,000 per month and the estimated salary of a part-time office manager (minimum 20 hours a week) and up to a full-time office manager dedicated solely to your franchise operation. This is based on our experience and information from franchisees who have estimated this for themselves. This is only an estimate. Your personal living and salary expenses may vary significantly and you must adjust this amount to take into account any variances. The estimated initial investment and other estimates in this disclosure document do not take into account your debt, all ongoing working capital requirements, accounts receivable financing or other costs. We have not provided for capital or other reserve funds necessary for you to reach "break-even," "positive cash flow" or any other financial position. We do not furnish nor do we authorize our salespersons or anyone else to furnish estimates as to those amounts. We recommend that you review these figures carefully with your business advisors.

Note 14. The deposit will be returned to you upon submission of an estimate of your design center buildout in EMT, our proprietary software, and you review your submission with your franchise coach.

Note 15. All of the fees listed as payable to us are non-refundable, except as described in Item 5. We relied on our experience to compile these estimates. The actual amount of additional funds you will need depends on a variety of factors, such as whether you extend credit terms to customers or the time of year you start your business. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. We have no current plans to increase any payments over which we have control. Financing for all or some of the above costs may be available.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must maintain the highest standards of quality and workmanship in order to provide the highest quality of service to your customers. We may specify particular performance standards in our Manuals, via our intranet system, or otherwise in writing. We can, and expect to, modify our standards as we deem necessary. We will notify you of any changes to the standards or the Manuals.

All advertising and promotional materials, signs and other items we designate must bear the Marks (see Item 13) in the form, color, location and manner we specify. Your advertising and promotion must meet our standards as described in the Manuals or otherwise in writing. You may prepare and use your own advertising or promotional materials at your own expense, but if we have not prepared your advertising or promotional materials, you must get our written approval before you use them.

Before you attend Waco Training, you must purchase insurance coverage. Such policy or policies shall be written by an insurance company with an A.M. Best rating of not less than A-VII in accordance with standards and specifications set forth in the Operations Manual or otherwise specified in writing by us. You must keep an insurance policy in force during the term of your Franchise Agreement. If you fail to do so, we may, but are not required to, obtain the necessary insurance for you and keep the same in force and effect, and you shall pay us, on demand, all premiums charged for the policies of such insurance. You must obtain, in the amounts shown below: 1) comprehensive general liability insurance, and you must name us as a Grantor of Franchise additional insured on this policy of insurance and ask your carrier to give us an Additional Insured Grantor of Franchise endorsement form CG2029 (or an endorsement form with comparable language acceptable to us) as evidence of this coverage before you complete Waco Training; 2) motor vehicle liability coverage on each owned, non-owned or hired vehicle which you will use, and you must name us as an additional insured and ask your carrier to give us a certificate of insurance as evidence of this coverage before any vehicle is put into use; and 3) other insurance required by us or your state or locality. The amounts and types of insurance required may increase in the future. Currently, we require you to maintain the following minimum insurance coverage:

Type of Coverage	Minimum Limits
Comprehensive General Liability	\$1,000,000 combined single limit
Motor Vehicle Liability	\$1,000,000 combined single limit
Umbrella Policy:	
Up to \$2,000,000 in annual gross sales	\$1,000,000
\$2,000,000 - \$5,000,000 in annual gross sales	\$2,000,000
Over \$5,000,000 in annual gross sales	\$3,000,000

We also require you to obtain Workers’ Compensation with statutory limits, including Employer’s Liability of \$500,000/\$500,000/\$500,000, Alternate Employer’s endorsement in our favor, and any other insurance that may be required in the state in which your franchised location operates. If your franchise location operates in a monopolistic state (*i.e.*, Wyoming, North Dakota, West Virginia, Washington, and Ohio), you must also obtain Stop Gap coverage on the Workers’ Compensation policy or General Liability policy. Minimum limits are as follows: no less than \$500,000 per accident for bodily injury by accident; \$500,000 policy limit by disease; and \$500,000 per employee for bodily injury by disease or higher coverage as required by law in your state. Owner only operator with no employees may opt out of Workers’ Compensation according to applicable state guidelines.

We also require you to obtain Data Breach/Cyber Liability insurance with minimum limits of \$50,000.

You must engage the services of a certified public accountant to assist you with the set-up of your books and records, in using the appropriate chart of accounts that we require and in producing annual compiled financial statements. We require you to use the bookkeeping services of our designated vendor as outlined in the Manuals. At this time we are aware of one company offering these services to our franchisees. We require that you use our chart of accounts and customized QuickBooks template, that you comply with our operating procedures and specifications, including internal audit standards, and that you use QuickBooks Enterprise Solutions by Intuit which is provided by us through a third party. See Item 11. We may, upon

demand, require you to provide us, within the time required by us, with audited financial statements, using an independent certified public accountant designated by or satisfactory to us, to adopt a fiscal year consistent with ours, to cooperate with our auditors and to comply with such additional requirements as may be reasonably necessary in order to enable us to meet our obligations under GAAP and to comply with Financial Accounting Standards Board (“FASB”) Interpretation No. 46 (revised December 2003) (“FIN 46R”) and any amendments or supplements to it.

We will license you one or more telephone numbers and domain names. While we currently pay the charge for the first phone number, which does not include payment related to telephone service charges and fees, if you request additional phone numbers from us, you will be responsible for all related costs. You must acquire telephone service from our designated providers to the extent permitted by law, and must enter into whatever form of agreement our chosen vendor requires and contract for such vendor’s services as we require, according to our specifications.

You must purchase or lease your vehicle, equipment, uniforms, computer hardware and software, office supplies, furniture, displays, samples and trademarked items under our specifications. You must also purchase certain customized software templates, proprietary software, and initial and ongoing training and support services from our current financial technology and software vendors. See Item 11. Our specifications include standards for performance and appearance. If we change specifications or standards, you will be notified. Technology requirements are described in the Appendices of the Technology Agreement.

Other than as stated in this Item, we are not currently an approved vendor for any products but we and our affiliates may be approved vendors for products and services in the future. We may in the future be the designated supplier for certain products, including additional computer software, hardware and internet or intranet services. Any products sold by us or our affiliates to you will be sold at the price and on the terms we specify. The cost of items purchased in accordance with specification represents approximately 16% to 18% of your total purchases in connection with the establishment of your franchise and approximately 8% to 10% of your on-going purchases in connection with operation of your franchise. We will notify you of approved vendors. You may purchase many of the items under specification from an approved vendor.

We do not provide material benefits to you based on your use of our approved vendors except as stated in this Item. We may negotiate purchase arrangements, which may include discounted pricing, special terms, rebates or other incentives with vendors for the benefit of our franchisees and in some cases we may participate in programs negotiated by an unaffiliated company who may receive a rebate or fee based on franchisees’ purchases. Some of these purchase arrangements may not apply to you, and some purchase arrangements or discounts may vary (depending on the location of your territory). If you request we will notify you of these purchase arrangements. Should you decide to purchase certain products from one of our recommended vendors, we may be paid a commission or service fee by the supplier. Some purchase terms are only available if you purchase from our approved vendors.

We or our former affiliates may receive a commission from the brokerage of a capital lease or other equipment finance, should you require financial assistance from third parties.

We do not currently participate in any purchasing or distribution cooperatives. Our vendor approval criterion is available upon written request. If you want to lease or purchase items under specification from an unapproved vendor, you must make a written request. We typically respond to these requests within 30 days. If we are not familiar with the vendor or if we believe it necessary, we may request a sample of the item for inspection, review and/or testing. We may charge you our actual costs of reviewing and/or testing the item and any other related costs before giving our decision, which will usually be given within 10 days after we receive the test results and complete the review. If we withhold our approval of a vendor or item, you will be notified of the reason. If a tested item does not meet our standards, we may withhold approval but you are still responsible for paying the costs of testing and review.

Currently, we sell our franchise development package to franchisees and therefore derive revenue from such sales. We will also derive revenue from any products or items you purchase from us.

If you purchase certain products from our preferred vendor list, we may receive a rebate ranging from 1% to 10% of the amount paid to vendor.

During our fiscal year ending December 31, 2019, we derived \$58,099.78 in commission revenue from preferred vendor programs, which comprised 2.33% of our total revenues of \$2,498,677 for that same period. We derived \$75,980 from the purchase of development packages or other products purchased directly from us, which comprised 3.04% of our total revenue.

None of our officers owns an ownership interest in a supplier that we require you to purchase from. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	4.G., 5.S., 6.A., and 6.F.	11
b.	Pre-opening purchase/leases	4.F., 4.G., 5.C., 5.D., 5.F., 5.P., and 6.B.	7, 8 & 11
c.	Site development and other pre-opening requirements	5.C. and 5.D.	7, 8 & 11
d.	Initial and ongoing training	4.A. and 5.J.	11
e.	Opening	6.A.	11
f.	Fees	1.B., 3, 11.B., and 15.K.	5, 6, 7 & 11
g.	Compliance with standards and policies/operating manual	5.A., 5.B., 7.C., and 10	11
h.	Trademarks and proprietary information	5.P., 7.A., and 10	13 & 14
i.	Restrictions on products/services offered	4.E., 5.A., 5.P., and 5.Q.	8 & 16
j.	Warranty and customer service requirements	5.K.	11
k.	Territorial development and sales quotas	2.C. and 3.F.	12
l.	Ongoing product/service purchases	4.E., 5.P., and 5.Q.	8
m.	Maintenance, appearance, and remodeling requirements	5.C., 6.D., and 6.E.	11
n.	Insurance	5.G.	6 & 8
o.	Advertising	5.I.	11
p.	Indemnification	9	6, 9, 13 & 14

	<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
q.	Owner's participation/management/staffing	5.A. and 5.B.	11 & 15
r.	Records and reports	3.I., 3.J., 5.H., and 5.L.	6
s.	Inspections and audits	5.L. and 5.M.	6 & 11
t.	Transfer	11	17
u.	Renewal <sup>1</sup>	1.B.	17
v.	Post-Termination obligations	13	17
w.	Non-competition covenants	10	17
x.	Dispute resolution	14	17
y.	Liquidated Damages <sup>2</sup>	10.D. and 12. D.	6
z.	Guarantee of Franchisee Obligations	Undertaking and Guaranty	14, 15

Note 1. The Renewal Addendum, attached as Exhibit F-8 to this disclosure document, also speaks to the terms of your renewal rights.

Note 2. If you violate the covenant against competition or other confidentiality provisions and we are unable to, or choose not to, obtain equitable relief, we may demand liquidated damages according to a formula based on your two-year Royalty Fee history. The Existing Business Addendum, Exhibit F-3 to this disclosure document and the Existing Business Addendum – Large Roll-In, Exhibit F-4 to this disclosure document, both speak to the terms of liquidated damages according to a formula based on the amount of time you violate co-branding provisions if we are unable to, or choose not to, obtain equitable relief.

## **ITEM 10 FINANCING**

We may agree to finance a portion of the initial franchise fee for qualified prospective franchisees under specified terms and conditions. The amount we agree to finance will depend on your qualifications. The maximum amount we will finance is 70% of your initial franchise fee. We also limit the amount we will finance to a specified amount (currently, an amount that is less than 50% of the total equity, debt and other financial support of your business); and you must represent to us, in writing and in a form we specify, confirming the dollar amount of your total equity, debt and other financial support. (See Exhibit F-6 to the Franchise Agreement, Financial Information Sheet) The representation must remain true through the life of your franchise. We may elect not to approve a transfer, including a transfer to a corporation or other entity wholly owned by you, if you do not either maintain the same investment in your business or pay any loans payable to us and/or our Affiliates in full.

Our decision to finance may be based, in part, on your credit-worthiness, the collateral that you have available to secure the financing and our then-current financing policies. If we agree to finance a portion of the initial franchise fee, you must sign a promissory note when you sign the Franchise Agreement. You must pay us the down payment when you sign the Franchise Agreement and pay the balance in monthly installments. We currently charge an interest rate based on your credit score as follows:

Credit Score	Annual Interest Rate
Under 600	10%
600 - 649	9.5%
650 - 699	9%
700 or more	8.5%

To qualify for the interest rates noted above you must meet our credit standards and be otherwise eligible for financing. An example of our form of promissory note is attached as Exhibit F-2 to this disclosure document.

You must make note payments to us by automatic bank draft. Some banks and other financial institutions charge a fee for electronic transfers that can range from \$3 to \$20 per transfer but these electronic transfer fees are often negotiable. Monthly payments will begin approximately three months after you complete Waco Training. The length of the repayment term is negotiable but typically does not exceed five years, and cannot exceed seven years, after you complete Waco Training. We require a security interest in the franchise, including its assets, against which we may file any liens permissible by law. You may prepay the note at any time without penalty. If you default, we may declare the entire remaining amount due. If you do not pay us the entire balance, and any accrued, unpaid interest, you may be responsible for the court costs and attorneys' fees we incur in collecting the debt from you, and we may terminate your Franchise Agreement.

You must waive your rights to certain notices of a collection action in our form of promissory note, security agreement and guaranty but there are no waivers of defense in our form of promissory note, security agreement or guaranty. If you are a legal entity, your shareholders, members, partners and/or owners must personally guarantee the debt and agree to pay the entire debt and all collection costs.

We may sell, assign or discount any promissory note or other obligation arising out of the Franchise Agreement to a third party. If we sell or assign your promissory note, it will not affect our obligation to provide the services to you that are described in the Franchise Agreement but the third party may be immune under the law to any defenses to payment you may have against us.

We may periodically agree with third party lenders to make financing available to our qualified franchisees and we may, in our sole discretion, refer you to a third-party lender for financing. We have no control over whether financing will be offered to you by any third-party lender. The lender is not obligated to provide financing to you or to any other franchisee that the lender finds does not meet its credit requirements and loan criteria. If we refer you to a third-party lender for financing, we may agree to take a short-term promissory note until your financing is arranged. An example of our form of short-term promissory note is attached as Exhibit F-2 to this disclosure document. You must use the proceeds from the lender to pay any promissory note to us. We do not currently derive income from referrals or placement of financing with any third party lender. However, we may require payment from you or other persons for the placement of financing in the future. If we charge for placing financing in the future, we expect to use the payments to offset our expenses in doing so. Currently, we have no arrangements with third party lenders. We do not guarantee your obligations to third parties.

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

**Except as listed below, Worldwide Refinishing Systems, Inc. is not required to provide you with any assistance.**

Before you open your business, we will:

1. Designate your Territory. You will select your business site within your territory subject to our approval, which will not be unreasonably withheld. (Franchise Agreement, § 2.A.1)
2. Provide you with written specifications and guidelines for opening inventory and supplies, part of which must be purchased in accordance with specification from approved vendors, as explained in more detail in Items 7 and 8 (Franchise Agreement, § 4.E. and § 5.Q.).
3. Loan you our confidential Manuals, which contain mandatory and suggested specifications, standards and procedures. See Manuals below. (Franchise Agreement, § 10.A.)
4. Provide you with recommendations on advertising and promotional materials for use in the pre-opening promotion of your franchise. (Franchise Agreement, § 4.C.)
5. Provide initial training for three people at no additional cost. See Training below. (Franchise Agreement, § 4.A.)

During the operation of your business, we will:

1. If you comply with the contractual reporting requirements to furnish necessary information about the franchised business, periodically analyze your sales, promotional efforts and financial status and offer suggestions for improvement, and provide on-going advice and assistance as we consider necessary and appropriate. (Franchise Agreement, § 4.B.)
2. Develop and administer promotional programs and advertising campaigns intended to promote the products and services provided by our franchisees or advance the business interests of our franchisees. (Franchise Agreement, § 4.C.). You may develop promotional materials or advertising materials for your own use, at your own cost. We must approve your promotional materials and advertising materials before you use them in your franchise. We will usually give you our approval or disapproval within 10 business days after our receipt of your proposed materials. (Franchise Agreement, § 5.I.)
3. Provide additional or “refresher” training programs, seminars, regional meetings and related activities regarding the operation of your franchise as we may choose to conduct. Some of these courses may be mandatory, but most of them will be optional. You must attend and complete all programs we designate as mandatory. Currently, it is mandatory to attend the Reunion and one of the following two programs annually: January Workshop and/or other designated Qualified Training Events. These courses may be conducted at our headquarters or at any other location we select. You must attend one of the two optional events unless you are unable to attend Reunion. If you are unable to attend Reunion, you will need to attend both of these optional meetings. You must pay your personal expenses for training, including travel, living and other miscellaneous expenses. (Franchise Agreement, § 4.A.)
4. Update the Manuals as we deem appropriate. (Franchise Agreement, § 10.A.)
5. Indemnify you against and reimburse you for your actual damages if you are held liable in any proceeding arising out of (a) your authorized use of any of the Marks if you have notified us of the claim; or (b) our intentionally wrongful actions if you have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, § 7.D. and § 9.B.)

## Advertising and Promotion

All advertising and marketing must follow brand identity standards as described in the marketing manual.

### MAP Fund

We support certain promotional programs and advertising campaigns through a national marketing, advertising and promotion fund (the “MAP Fund”). We place advertising for the DREAMMAKER BATH & KITCHEN BY WORLDWIDE® system through national electronic media. In the past, we have used an outside advertising agency to create and place advertising and we create some advertising in-house. Neither we nor our former affiliates receive any payments from the MAP Fund, except for reasonable advertising, marketing and administrative costs and overhead and except for payments made to us or our designee to help attract and service National Account Customers that need products and services of the type provided by our franchisees. We use the MAP Fund to cover our cost of preparing and producing video, audio, Internet and printed advertising materials; administering national and regional advertising programs including direct mail, point of sale and other media advertising; employing advertising and public relations agencies; supporting public relations activities; conducting, analyzing, and other activities related to market research, customer surveys, and satisfaction reports; trademark availability and usage searches, and trademark, copyright, and other intellectual property filings with state or federal government agencies; travel-related, registration, and other associated costs with respect to attendance at industry (including franchise) tradeshows, conventions, and events; advertising and marketing activities; and other promotions or activities intended to advance the business prospects of our franchisees. We may also use the MAP Fund to support national account programs.

We do not use the MAP Fund to sell additional franchises, but we may include in all advertising prepared from MAP Fund contributions (including Internet advertising) information concerning franchise opportunities, and a portion of MAP Fund contributions may be used to create and maintain one or more interior pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

You will pay us a fee, to be contributed to our MAP Fund (“MAP Fee”). The MAP Fee is 2% of Gross Sales for the first \$1,000,000 of Gross Sales per year and 1% of Gross Sales for Gross Sales in excess of \$1,000,000. If you have an existing business that you will “roll-in” to the franchise, we will discount the MAP Fee to 1% of the “rolled in” amount for a certain period of time. For 2020, MAP Fees for new franchisees will be capped at \$30,000. MAP Fees for other franchisees may be calculated at a different rate and may be subject to a different cap. Company-owned units, if any, are not contractually required to pay a MAP Fee, but we anticipate that any company-owned units operating under the DREAMMAKER Marks will pay a MAP Fee, or contribute to the MAP Fund, on approximately the same basis as franchisees. Although the MAP Fund is intended to be perpetual, we may terminate the MAP Fund at any time, in our sole discretion. We will not terminate the MAP Fund, however, until all MAP Fund monies have been spent for advertising or promotional purposes or returned to the contributors, without interest, on the basis of their respective contributions. An annual accounting of the MAP Fund is available to you upon written request. If all MAP Fees are not spent in the fiscal year in which they are received, they remain in the MAP Fund for future use. The following percentages correspond to how MAP Fund monies were spent during our fiscal year ending December 31, 2019:

Type Expense	Percent of Expenses
Production	31.04%
Media Placement	61.54%
Administrative Expenses	4.03%
Trade Association Dues	0.29%
Marketing Technology Development	3.09%
Total	100%

### Advertising Cooperatives

You must participate in a local or regional advertising cooperative if located in your territory. We may approve or require the establishment of local cooperative advertising associations consisting of all franchises and our company-owned units, if any, within a designated geographical area (a “Cooperative”) designated by us and we have the right to require cooperatives to be changed, dissolved or merged. Each local Cooperative must adopt its own written governing documents, a copy of which must be given to us. If a Cooperative has been established for your territory, a copy of the Cooperative’s governing document is available upon request. Each Cooperative may determine its own voting procedures. Our company-owned units, if any, using the Marks would contribute on the same basis and are entitled to vote on the same basis as you and other franchisees in the area. If we do not own a unit, we do not vote. The annual required contribution to a Cooperative may not exceed 2% of Gross Sales unless a larger contribution has been approved by the affirmative vote of two thirds of the Cooperative members. Each Cooperative must make an annual accounting of its receipts and expenditures available to you and to us upon request.

### Initial Advertising and Promotion

When executing the Franchise Agreement, you will pay us an amount between \$12,000 and \$42,000, to be determined in our discretion, which we will hold as a deposit. The Franchisor’s Draw will be spent by us on advertising and promotional activities connected with your franchised business. The remainder of the deposit will be returned to you as you incur expenditures related to approved advertising and promotional activities. The lower range of the deposit amount is applicable to Conversions, while the higher range is applicable to Start-Ups. We will provide you with a list of approved advertising and promotional activities on which this amount can be spent and, once you submit to us proof that you have incurred such related expenses, we will return to you the related expenditure amount, up to the deposit amount, less the Franchisor’s Draw. You may submit for our approval additional types of advertising and promotional activities; however, you must receive our written approval in order to request that the amount be drawn from your deposit.

If you do not submit proof of approved advertising and promotional expenditures at least up to the amount of the remainder of your deposit within 12 months of the first Monday after completing Waco Training, the balance will be forfeited. The deposit is refundable before the completion of Waco Training if the Franchise Agreement terminates for any reason, less any expenditure we have incurred in connection with your franchised business. Beginning as of the first Monday after completion of Waco Training, however, the deposit is only refundable as described above.

### Local Advertising

The initial advertising and promotional deposit will cover the first year’s advertising spending requirement. During the second year, you must spend at least 5% of your annual Gross Sales, and during the third and each additional year, you must spend at least 3% of your annual Gross Sales on local marketing and

promotion of the services and products available through the Franchise in the manner we specify. This requirement is in addition to any MAP Fee or any contribution to a Cooperative.

#### Advertising Council

We have established an advertising council called the Marketing, Advertising and Promotion Committee (“MAP Committee”) for the MAP Fund who also serves as a Franchise Advisory Council (“FAC”). The MAP Fund is managed by the MAP Committee, which consists of Douglas A. Dwyer, our President and Chief Stewarding Officer, and certain franchisees we may designate from time to time. We have the right to create, change or dissolve the MAP Committee at any time. The MAP Committee serves in an advisory capacity and its decisions are subject to our approval.

#### Brand Protection Fund

We have the right to require you to participate in our Brand Protection Fund (“BPF”), and to contribute to the BPF \$5,000 when you sign the Franchise Agreement or at such later time as we may require. All Brand Protection Fund monies will be used for the proper completion of jobs performed by our franchisees and former franchisees, which we believe helps to mitigate damage to the brand caused by shoddy, incomplete, or never performed work and enhances the DREAMMAKER brand and reputation, and as reimbursement of administrative costs. We may administer the BPF directly, or may arrange for administration through a separate entity that we and/or our franchisees control, according to governing documents that we create. If a separate entity is formed, we may require you to become a member of the entity and to abide by its governing documents. We anticipate that all franchisees will contribute to the BPF at the same rate. We may periodically contribute or loan money to the BPF, although we are not contractually obligated to do so. The BPF need not be audited. An annual statement of BPF contributions and expenditures will be made available to franchisees upon reasonable request.

#### Computer System

You must use the computer hardware and software specified below in the operation of the franchise. We will have the right to independently access all information and financial data, including, without limitation, Gross Sales reports, recorded by the system for polling, audit, and sales verification. There are no contractual limitations to our right to access or use the information and data recorded by your system.

#### Hardware

You must use a computer(s) with adequate memory, speed and storage to run our proprietary software and other required software as we require. If necessary, we will periodically assist you in determining the appropriate hardware and operating systems needed to support this software but we are not obligated to provide or assist you in obtaining computer hardware. You may acquire your computer hardware from any source. You may use any computer equipment that will run the required software. We estimate computer equipment will cost approximately \$1,800 each, but this amount will vary, depending on the vendor and the specific features you select to include in addition to any items we require. This amount may increase in the future and we cannot estimate the amount of any increase.

You must bring to training a laptop or a PC tablet, such as a Microsoft Surface Pro computer, and we recommend but do not require a solid state hard drive. This computer is to be loaded with all proprietary and third-party software that we require.

Third-party IT support for your hardware and third-party software is recommended but not required. We do not provide support for hardware or third-party software.

You must pay for all maintenance of your computer(s) at your own expense. We do not require you to sign any hardware maintenance or support contracts with us or any third-party suppliers. We do not guarantee, warranty, maintain or support any computer hardware in any manner. You should determine for yourself whether or not any third-party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your

computer system, and determine the additional cost for the services. We will periodically advise you in writing of any required upgrades to your computer hardware and we will give you a reasonable period of time in which to comply with any required upgrades.

#### Operating System and Third-Party Software

We estimate the cost of software to be approximately \$8,000, including a customized software template from Out of the Box Technology LLC, 20-20 or ProKitchen or 20-20 design software, our proprietary software, Microsoft® Business Standard subscription and miscellaneous general software, but this amount will vary, depending on the vendor and the specific features and software you select to include in addition to any we require. This amount may increase in the future and we cannot estimate the amount of any increase. We will have independent access to the information that will be generated by or stored in your computer system, and there are no contractual limitations on our right to access this information. In addition, you must use Franchisor's Software, as described below.

#### Proprietary Software and Systems

You must comply with all policies and procedures, and execute any required agreements for use of Intranet or any electronic communication, or data storage/retrieval system, website or software as we periodically require.

You must use our Software, and must sign the Technology Agreement (Exhibit B-4 to the Franchise Agreement) and pay a Software License Fee (currently \$3,995) and a monthly Software Maintenance and Support Fee (currently \$385 for a specific number of user seats for each software supported). Additional fees will apply for additional user seats. Currently, this amount ranges from \$55 to \$65 per user per software. The amount of such fees will be the then current amount charged for annual renewal and there are no contractual limits on the amount of the fees or your requirements to upgrade or maintain this software. Payments not made within ten days after such payment is due will be charged a late fee. In the case of any overdue amounts, whether or not related to software or technology fees, we reserve the right to disable your access or terminate your right to use and access the software. See Item 6 for information on the amount of the required fees. The amount of fees and the services covered may change in the future as we determine. Franchisor's Software includes financial related software such as a QuickBooks template that allows formatting of financial information to coordinate with our systems and industry-specific job costing capability ("Financial System") and software which provides and combines contact management, sales and lead tracking management, job estimating and proposal generation, and which produces take-off lists for production and interfaces with our required accounting software ("Customized Management Software"). You must engage third party providers as specified by us to assist with set up of the template and the cost of the work specified by us is included within the fees paid. You must sign a release to authorize these providers to provide us certain financial information to enable set up to be completed to our satisfaction. You will be required to give us remote access to your network at all times to allow for the full functioning of the template, to allow us to install the template and modifications, fixes, service releases and new versions and to provide training and support. You must have installed on your network reasonable security protection but remote access may reduce or disable the effectiveness of security protection. We will not be liable for any claims that arise in connection with this remote access. There is no software that can be substituted for the QuickBooks template.

This technology includes a chart of accounts compatible with QuickBooks® Enterprise Solutions 2019™ or another currently-supported release, and various spreadsheet templates to provide cost data, reporting functions, and customer tracking. We or our designees will have independent access to the Franchisor's Software, data and information in your computer and there are no contractual limits on our rights to access or use this information and data.

We may periodically develop other proprietary software and other system, products and upgrades that we may require you to use. We may charge you a use fee for any new technology enhancements that may take into account our development, administration and other costs.

You do not have to buy or use an electronic cash register.

### Manuals

We will loan you our confidential Manuals, which contain mandatory and suggested specifications, standards and procedures. The Manuals are confidential and remain our property. We may provide the confidential Manuals to you in any manner we choose, including by hard copy, CD-ROM, or in electronic form, including through our company intranet, DreamConnect. We will modify the confidential Manuals periodically but the modifications will not materially alter your status and rights under the Franchise Agreement. Our Manuals also include what we have entitled our “Process Flow and Sales and Production System” documents, currently consisting of 147 pages, which illustrate the sales and production cycle.

The table of contents from Our Foundations Manual is as follows:

<b>Topic</b>	<b>No. of Pages</b>
Code of Values	2
Vision and Mission Statement	1
Waco Training	4
Week 1	1
-Operations	22
Week 2	1
-Operations	7
-Marketing	3
Week 3	1
-Operations	7
-Marketing	9
Week 4	1
-Operations	3
-Marketing	2
Week 5	1
-Operations	2
-Marketing	8
Appendix	14
Vendor List	17
Total Pages	104

The table of contents from our Waco Training Workbook is as follows:

<b>Topic</b>	<b>No. of Pages</b>
Opening/Introduction	3
Discovering the Design Your Life	Separate Workbook
Preparing to Learn and Retain	5
Values, Mission, Vision	44

<b>Topic</b>	<b>No. of Pages</b>
Stages of Growth (PPT 30 slides)	10
Financial System	17
EMT Site Visit Agenda	2
Marketing (PPT 53 slides)	18
Operating Model Overview	10
Preferred Vendors	11
<b>Total Pages</b>	<b>223</b>

The table of contents from our Marketing Manual is as follows:

<b>Topic</b>	<b>No. of Pages</b>
Building a Brand	17
Market Research	12
Business Profile	18
GPS Marketing	39
Reference Guide	17
<b>Total Pages</b>	<b>103</b>

The table of contents from our Location Manual is as follows:

<b>Topic</b>	<b>No. of Pages</b>
The Promise of the DreamMaker Brand	30
The DreamMaker Design Center Requirements	28
The DreamMaker Location System	23
Maintaining Your DreamMaker Design Center	1
Appendix	74
<b>Total Pages</b>	<b>156</b>

## Training

### **WACO TRAINING PROGRAM**

<b>Subject</b>	<b>Hours Of Classroom Training</b>	<b>Hours Of On-The-Job Training</b>	<b>Location</b>
Opening/Introductions	.50	0	Offices in Waco, TX
Preparing to Learn and Retain	.75	0	Offices in Waco, TX
Discovering the Design For Your Life	3.00	0	Offices in Waco, TX
Managing Your Business to & By Our Code of Values, Vision & Mission	2.00	0	Offices in Waco, TX
Stages of Growth	1.25	0	Offices in Waco, TX
Code of Values and Review	1.00	0	Offices in Waco, TX

<b>Subject</b>	<b>Hours Of Classroom Training</b>	<b>Hours Of On-The-Job Training</b>	<b>Location</b>
DreamMaker Preferred Vendor Program	.75	0	Offices in Waco, TX
Quality Assurance Stat Sheet: The DreamMaker standard	.75	0	Offices in Waco, TX
Financial System Overview	.50	0	Offices in Waco, TX
Simulation Schedule and Expectations	.50	0	Offices in Waco, TX
Face to Face Marketing: Pillar 2	1.25	0	Offices in Waco, TX
Marketing Metrics	1.00	0	Offices in Waco, TX
Marketing Non-Negotiables	1.00	0	Offices in Waco, TX
Seminar Workshop	.75	0	Offices in Waco, TX
Operating Model Overview / Building Passion and Conviction for Selling	2.00	0	Offices in Waco, TX
Presentation of Personal Vision / Mission Statement	.50	0	Offices in Waco, TX
Seminar Presentation	1.00	0	Offices in Waco, TX
Wrap-up	.50	0	Offices in Waco, TX
<b>Total</b>	<b>16.25</b>	<b>0</b>	

### Initial and Additional Training

Our initial training consists of our “Foundations Training” and “Waco Training” programs, which we will provide for three people at no additional cost. Foundations Training generally lasts five weeks, and ideally a minimum of two weeks are completed before attending Waco Training. Foundations Training is provided via phone calls, webinars, and self-study, with the completion of pre-opening checklist tasks. Waco Training generally lasts two and one half business days. You must pay all of your travel and living expenses while attending training, as well as all of the travel and living expenses for any additional employees you send. All training occurs at our headquarters in Waco, Texas, or at such other locations as we may designate, at various times during the year, depending upon the number of new franchisees entering our System. The subjects covered, instructional materials, hours of classroom and/or hands-on training, and instructors for classroom and hands-on training are periodically subject to change. See our current training program listed above.

Our instructors include: 1) our President, Douglas Dwyer, who has 25 years’ experience in the kitchen and bath remodeling industry and 32 years’ experience with us; 2) our Vice President, Amy Fore Mosley, who has 19 years of experience in the kitchen and bath remodeling industry and 19 years’ experience with us; 3) our Manager of Franchise Technology, Conway Briscoe, who has one years’ experience in the kitchen and bath remodeling industry and one years’ experience with us; 4) our Senior Franchise Coach, Dale Ressler, who has 42 years’ experience in the kitchen, bath, and general remodeling industry and has been associated with us for 15 years; 5) our Marketing Strategist, Joaquin Erazo, who has 23 years’ experience in the kitchen, bath, and general remodeling industry and has been associated with us for five years; and 6) our National Marketing Manager, Ricky Deakyne, who has four years’ experience in the kitchen, bath, and general remodeling industry and four years’ of experience with us.

As part of our initial training requirement you must successfully complete our “Simulation Training” following the completion of Foundations Training and Waco Training. Our Simulation Training is currently

six to eight weeks and includes, but is not limited to, self-study exercises related to our proprietary software and financial system, additional sales training and role play, shadowing employees at an existing franchise location, and marketing assignments tailored to your local market. During the Simulation Training we also require that you visit, at your expense, our preferred cabinet vendor, and complete 24 hours of online design courses, at your own expense, prior to becoming fully-operational.

As part of your initial training requirement, we have contracted with a third-party through which you must successfully complete an eight-week sales and sales management training program, consisting of one two-hour class per week. Training will be held at a third-party location closest to you, or by webinar. We only require that your Operating Principal attend this training, however, you may choose to send additional individuals to this program. The tuition for each additional individual is \$3,500 per person. You must begin this eight-week sales and sales management training program during the Simulation training.

Currently, we require that you attend, at your expense, the annual training or conference event specified by us and referred to as “Reunion” every year, as well as any other training we designate as mandatory. We may also require you to attend and complete a “refresher” training course or advanced training course if we determine that you are not current on all aspects of the System or are otherwise in need of training.

#### Franchise Location and Opening

Our franchisees typically open for business within the first full week after Simulation Training, but typically no later than 30 days after completing Simulation Training, which generally takes place three to four months after signing the Franchise Agreement. The factors that affect this are the training schedule, your ability to obtain necessary financing, any local requirements for permits or licenses and your ability to complete our training agenda.

By the end of the sixth month after you complete Waco Training, you must have acquired space for your retail design center that meets our minimum criteria, and you must have completed construction on the portion of the space that will serve as your office. Construction of the design center portion of the space must be completed by the end of the six months following your Start Date. In addition, you must acquire warehouse space, which may be at a different location. You must obtain our written approval before you sign a lease for the location and before you purchase exterior signage. If you occupy space according to a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Exhibit F-9 to the Franchise Agreement).

Furthermore, we currently require that within six months after the Start Date, you have completed buildout of your fully operational retail design center. Before you open a retail design center, we will provide you with designs and specifications for a typical retail design center location, including equipment, fixtures and signs, upon our receipt of your written request. These designs must be modified at your expense by our designated designer to fit your particular retail location in accordance with our then-current standards. If you do not obtain our written approval of the design for your specific design center in advance we may charge you a \$2,500 fee and an additional travel fee at our then current rate, which is currently \$2,000, for review of your design. If modifications are required as a result of that review, you are responsible for making those modifications. You are responsible for compliance with local ordinances, building codes and permits and must construct and equip the retail design center according to our standards and specifications outlined in the Manuals.

## **ITEM 12 TERRITORY**

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

As described in this Item, you will be granted certain rights in a specific geographic territory but, because we reserve certain rights in your territory, your rights in the territory are not absolute. Your territory will

generally have a minimum population of 200,000 for more rural or less densely populated areas, a minimum population of 300,000 for more densely populated and urban areas, and a maximum population that is generally no more than 1,000,000. A larger population may be allowed under certain exceptional circumstances, to be determined at our discretion. The population in your territory is generally determined from estimates prepared by the U.S. Census Bureau (see [www.census.gov](http://www.census.gov)), but we may use a substitute or successor source of population information. You will maintain rights to your specified territory even if the population in your territory increases. You select your business site within your territory, subject to our approval. You must operate the franchise from the approved site. If you wish to relocate, you may do so if we approve in writing. The Franchised Business can be operated from your home or current office location for the first six months. After that, the Franchised Business must be operated from a retail design center location that meets our minimum requirements.

While we will not operate or grant franchises in your territory while your Franchise Agreement is in effect, we reserve for ourselves all other rights within and outside of your territory, which includes, without limitation: (1) the right to sell or distribute products and services through alternate channels of distribution, including without limitation, via the internet, mail order, catalogues, and phone; (2) the right to engage in any business activities, including the grant of franchises, under any trademarks (including the Marks) outside of your territory, regardless of the proximity to your territory; and (3) the right to engage in any business activities, including the grant of franchises, under any trademarks except the Marks, both inside and outside of your territory.

We periodically enter into agreements with national or regional clients that we consider to be national account customers (“National Account Customers”). Such National Account Customers may be located or may request services to be performed in your territory. In some cases, for certain National Account Customers, we or our designee may set the maximum price which you may charge for defined services and/or products. You have the option not to participate in any national account program. If you refuse, or if we think you are not qualified, interested or available to perform services for any customer located within the territory, if you request assistance in the performance of services, if a customer, in writing, specifically requests services within the territory from a different franchisee, or if a National Account Customer submits a request for service within the territory which cannot be referred to you under that customer’s contract or under the standards and procedures of any national account program we reserve the right to appoint a corporate employee, another franchisee, or a third party to perform the services or to assist you in performing the subject services.

You cannot provide products/services, advertise for or attempt to solicit customers for any products or services, including using Internet, telemarketing or other direct marketing without our prior written consent. We may describe in the Manuals or otherwise in writing the conditions under which we would grant our consent to your advertisement, solicitation, servicing or selling outside of your territory. Upon our demand you must discontinue using all advertising and telephone numbers and all territory specific email addresses, domain names and comparable electronic identities which are active in the area outside your territory and direct the telephone company and/or service provider servicing you to transfer to us or a person or company we designate all of the telephone numbers registered to you there and all territory specific email addresses, domain names and comparable electronic identities

We are not required to pay you as a result of us exercising in your territory any of our rights described in this Item.

We do not generally grant any right of first refusal to obtain additional territory. You may, if qualified, purchase a one-year option (18 months in the case of a start-up business) on additional territory by paying us a fee of 10% of the initial franchise fee for the territory you wish to buy. You must enter into an Option to Purchase Agreement (substantially in the form of Exhibit F-7 to this disclosure document). At any time within the one-year period (18 months in the case of a start-up business), you may purchase the additional territory by paying us the balance of the initial franchise fee. The 10% deposit will be applied to the purchase

price. We do not refund your deposit if you decide to not purchase the additional territory. You may also acquire additional territory during the term of the Franchise Agreement by entering into another franchise agreement for that particular territory.

The population in your Territory is subject to increase each January by an amount equal to the estimated population increase prepared by the U.S. Census Bureau or any substitute or successor source designated by us. We may terminate your Franchise Agreement if you do not pay us the Minimum Royalty Fee, if applicable.

You may not provide services and products outside your designated geographic territory unless there is no other DREAMMAKER BATH & KITCHEN BY WORLDWIDE® franchisee located in that territory. You may not advertise or solicit customers outside your territory without our prior written consent.

### **ITEM 13 TRADEMARKS**

We own the following Marks that are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”), and all required affidavits and renewals have been filed:

Description	Registration Number	Registration Date
DreamMaker Bath & Kitchen by Worldwide	2394209	10/10/2000
DreamMaker Bath & Kitchen By Worldwide (and design)	2324589	02/29/2000
Man With Stars Design	2321968	02/22/2000
Making Your Remodeling Dreams Come True	2483465	08/28/2001
DreamMaker	3052922	01/31/2006
Enhancing Lives. Improving Homes (standard characters)	3731087	12/29/2009
DreamMaker Bath & Kitchen (vehicle wrap stylized design)	3736017	1/12/2010
For the Time of Your Life (standard characters)	3847770	02/12/2010
Independence By Design (standard characters)	3818177	07/13/2010
DreamMaker (standard characters)	3847724	09/14/2010
Man With Stars Design	3847737	09/14/2010

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed in the table above. No agreements limit our right to use or license the use of our Marks. We are aware of a residential remodeling company which may have superior rights to the DREAMMAKER name in Oakland and Macomb Counties, Michigan, but are not aware of any other superior rights or infringing uses that could affect your use of the DREAMMAKER mark in any state.

We provide residential remodeling and renovation services to seniors and individuals with disabilities under a program we have named “INDEPENDENCE BY DESIGN.” We are aware of two companies who may claim superior rights the mark based on prior use in the Washington D.C. area and the States of Maryland

and Virginia. Franchisees in these areas may be required to adopt a different mark under which to offer the program and its associated services. Other than these instances, we do not have actual knowledge of any infringing uses that could materially affect your use of our Marks. You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We will take the action we think appropriate but are not obligated to protect your rights to use the Marks. We have the right to control the defense of any claim using attorneys we choose and you must cooperate in that defense. You may participate in the defense and settlement at your own expense but our decisions will be final and binding. We will indemnify you or reimburse you for your liability and reasonable costs if there is a challenge to your authorized use of our Marks, provided you notify us immediately after you learned of the challenge and cooperate with us in defending the challenge as required.

You must follow our rules when you use the Marks and you may only use the Marks for the operation of your franchise in your territory. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability. You may not directly or indirectly contest the validity of our Marks, our ownership of the Marks or our right to use or license our Marks, trade secrets, confidential information or business techniques that are part of our business. You cannot use the Marks as part of a corporate or other legal name and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. We can require you to use new or substituted Marks, or to discontinue use of any Mark, at your expense. If you propose to use a Mark in an area where a third party has acquired common law rights, we may permit or require you to operate the Franchised Business under a different trademark.

You may not use any of the Marks or any part or derivative of the Marks, nor any of our Copyrighted Works on the Internet, except as permitted by us in writing. Neither may you use the Marks or any recognizable portion of the Marks, or terms that may suggest an affiliation with us for use or display as all or part of an e-mail address, Internet domain name, uniform resource locator (URL), hypertext reference (HREF), or meta-tag, or in connection with any Internet home page, web site, or any other Internet-related activity without our express written consent, and then only in a manner and in accordance with the procedures, standards, and specifications that we establish. This prohibition also includes the use or registration of the Marks, or any derivative of the Marks, as a part of any user name, account name, or in any other way that may suggest an affiliation with us or the franchise system, on any gaming, blogging, user review, video sharing, or social networking website (such as FACEBOOK, INSTAGRAM, or TWITTER), whether or not such social media platform is used for commercial gain, or as a part of any unauthorized email address. You also may not display on any website (including commercial, gaming, blogging, user review, video sharing, and social networking websites) our Copyrighted Works, which include, but are in no way limited to, the design portion of the Marks and collateral merchandise identified by the Marks.

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

There are no patents or patents pending that are material to the franchise. There are no registered copyrights material to the franchise, however we claim copyright ownership in our Manuals, software and certain confidential and proprietary information (“Copyrighted Works”).

You must treat the Manuals and all Confidential Information as confidential. You must also promptly tell us when you learn about unauthorized use of the Copyrighted Works. We are not obligated to take any action to protect or defend use of the Copyrighted Works but will respond as we believe appropriate and will control any action we decide to bring or defend. We are not required to participate in your defense or indemnify you for your use infringing of any Copyrighted Works. We do not actually know of any infringing uses that could materially affect your use of the Copyrighted Works and there are no agreements that limit our rights to use our Copyrighted Works or to allow others to use them.

“Confidential Information” includes all trade secrets, materials, information, data, knowledge, techniques and know-how designated or treated by us as confidential and includes any and all Manuals, computer

software or programs including company intranet/DreamConnect, training materials, operational videos, marketing programs, franchise rosters, franchisee lists, and any other materials designated or treated by us as confidential. You may not, at any time during or after the term of the Franchise Agreement, disclose, copy or use any Confidential Information except as specifically authorized by us.

If we ask, you must have your personnel who receive or will have access to Confidential Information sign covenants not to divulge the Confidential Information or use it for their own benefit. If you are a corporation or other business entity, your shareholders, members and/or owners must also abide by these covenants and sign an Undertaking and Guaranty. If we ask, your employees who have access to your password and log-in name for our Intranet must sign a confidentiality agreement agreeing to not disclose this information.

If you develop any new product, concept, advertising technique, process or improvement in the operation or promotion of your franchise, you must promptly notify us and provide us with all necessary information free of charge. If we decide to adopt and integrate your idea into the System, you acknowledge that ownership of such new product, concept, technique, process, or improvement will rest solely on us and you agree, to sign any documents necessary granting us such ownership rights.

You must acknowledge that we may provide the information to other franchisees for use in their franchises.

There currently are no effective adverse determinations of the United States Copyright Office or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation, involving the copyright materials that are relevant to their use by our franchisees.

#### **ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

If you are an individual, you must directly perform or supervise the operation of the franchise unless we consent otherwise. If we agree that you need not personally perform or supervise operation of the franchise, an individual who has successfully completed our training program (a "General Manager") must directly supervise the franchise. If we ask, the General Manager must sign a written agreement to maintain confidentiality of the Confidential Information and abide by all of the covenants not to compete.

If you are a corporation or other legal entity, direct, on-site supervision must be done by a designated shareholder and/or owner who has successfully completed our training program unless we consent otherwise (the "Operating Principal"). If we ask, the Operating Principal must sign a written statement to maintain confidentiality of the Confidential Information and abide by all of the covenants not to compete. If we agree that an Operating Principal need not personally perform or supervise the operation of the franchise, a general manager must directly supervise the franchise. The General Manager need not have an ownership interest in the franchise. If you are a corporation or other legal entity, your principal shareholders, members and/or owners must sign an Undertaking and Guaranty agreeing to be bound personally by the obligations and covenants under the Franchise Agreement. If, at any time, ownership changes, that individual will also need to sign the Undertaking and Guaranty and Confidentiality Agreement.

#### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell only the goods and services which conform to our standards and specifications. You must offer the goods and/or services that we designate as required for all franchisees and you may elect to offer other products and/or services if we approve them in advance. You must perform residential and commercial bathroom and kitchen remodeling, cabinet refacing, safety and mobility modifications, and other interior remodeling, and perform related services and sell related products. You will focus primarily on interior remodeling but will also provide exterior remodeling and restoration projects as needed. We may add or modify the list of authorized services and/or products that we require franchisees to offer.

We may require that you purchase certain products, materials, and equipment from our designated vendors. We may also develop or establish proprietary or private label products and services which we may require you to offer and sell through the franchised business. There are no limits on our right to make such changes. If we make any changes we will notify you. We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law.

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals for the franchised business including obtaining a contractor’s license if required by your locality. To ensure that the highest degree of quality and service is maintained, you must operate in conformity with the methods, standards and specifications in the Manuals and as we may otherwise require in writing from time to time. You must not deviate from our standards and specifications without our prior written consent.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	1.A.	Initial term is 10 years.
b. Renewal or extension of the term	1.B. and 1.C.	Your Franchise Agreement can be renewed for additional 10-year terms by executing the then-current form of franchise agreement and meeting the other requirements for renewal. If you continue to operate after expiration of the initial or a renewal term we may, at our sole election, treat the Franchise Agreement as expired or as continued on a month-to month basis; provided, the Franchise Agreement will only be continued if you get a written notice of continuation from us.
c. Requirements for franchisee to renew or extend	1.B.	You cannot be in default under your current Franchise Agreement, you must give us prior written notice, you must not have been in default under your Franchise Agreement beyond the applicable cure period during the 12 months prior to your written notice, you must sign a general release, you must renovate the franchised business according to our then-current System standards, you must pay us a renewal fee of \$7,500, you must comply with our then-current qualifications and training requirements, and you must agree to sign the most current version of our renewal addendum <sup>1</sup> and our franchise agreement which may have terms, conditions and fees that could be materially different as compared with your original Franchise Agreement.

Provision	Section in franchise or other agreement	Summary
d. Termination by franchisee	None	Not applicable.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	12	We can terminate your Franchise Agreement only if you default.
g. “Cause” defined – curable defaults	12.B.	You have 15 days (subject to local state law) to cure your: failure to pay amounts due to us, whether due to us under the Franchise Agreement, a promissory note, or otherwise; failure to submit required financial information; failure to observe our standards; failure to obtain our consent when required; failure of your representative to transfer your franchised business after your death, disability or incapacity; engaging in a Competitive Business without our consent; failure to comply with covenants in Franchise Agreement; your refusal to allow our inspection of your franchise or its books and records; failure to maintain your books and records; failure to begin operating the franchised business within 120 days; excessive customer complaints; or failure to maintain the required insurance.
h. “Cause” defined – non-curable defaults	12.A.	You made material misrepresentations to us in the application for the franchise; you are insolvent; you abandon or otherwise cease to operate the franchised business; you are convicted of a felony; you divulge our Confidential Information; you knowingly maintain false books or records for the franchise; you use our Marks in an unauthorized manner; your operation of the franchised business creates a threat to public health or safety; you default under any promissory note with us (excluding any default for nonpayment); your failure to provide the financial statements required, within the time required by the Franchise Agreement; or, whether or not cured, you fail three or more times within any 12 consecutive months to comply with any obligation of the Franchise Agreement, or you fail two or more times within any six month period to comply with the same obligation of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	13	Upon termination, or non-renewal, you must: cease use of our System; comply with all post-termination covenants, including non-competition

Provision	Section in franchise or other agreement	Summary
		and confidentiality covenants; cease use of our Marks; cease use and assign (or assist in assignment of) all telephone numbers; transfer business and customers to us; return all materials to us; continue to address warranty claims; and pay all sums owed whether to us or a third party supplier.
j. Assignment of contract by franchisor	11.A.	We may assign your Franchise Agreement to any third party whom we believe is capable of performing our obligations and who agrees to assume our obligations.
k. “Transfer” by franchisee – defined	11.B.	Includes transfer of your franchised business or ownership change.
l. Franchisor approval of transfer by franchisee	11.B.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	11.B. and 11.D.	You are not in default; the new franchisee qualifies; training for new franchisee is arranged; you sign a release; the transfer fee is paid; current franchise agreement is signed by new franchisee (at our option, new franchisee must sign new agreement and no discounts, including reduced fees for roll-ins, or other terms of existing franchised business transfer to the new franchisee); new franchisee agrees to be bound by all customer obligations of transferor, including all warranty work and service plans and warranty escrow established; if transfer is to your corporation or other entity owned by you, you maintain the same level of investment in your business or pay all loans payable to us and our affiliates in full; you personally guaranty the obligations under the Franchise Agreement; and a qualified individual is designated as the Operating Principal.
n. Franchisor’s right of first refusal to acquire franchisee’s business	11.B.10	If we choose, we may buy your franchise from you at fair market value.
o. Franchisor’s option to purchase franchisee’s business	11.B.10	See “n” above.
p. Death or disability of franchisee	11.C.	Your personal representative must assign your Franchise Agreement to an individual or business entity that has been approved by us within 120 days.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	5.A. and 10.C.1	You cannot be involved in a Competitive Business other than a Competitive Business approved by us that you own on the day you sign the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	10.C.2	No Competitive Business in your territory for two years other than a Competitive Business approved by us that you own on the day you sign the Franchise Agreement.
s. Modification of the agreement	15.A.	No modification of the Franchise Agreement except by written agreement of both parties.
t. Integration/merger clause	15.A.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	14	All disputes must be mediated and/or arbitrated.
v. Choice of forum	14.C.	Most disputes must be filed in a federal or state court located in Waco, McLennan County, Texas. If a dispute is not resolved through the mediation process described in the Franchise Agreement, and if an appropriate court makes a final ruling that the waiver of jury trial in the Franchise Agreement is unenforceable, disputes must be settled by binding arbitration.  The above choice of forum is subject to state law. See the State Specific Addenda attached to this disclosure document.
w. Choice of law	14.B.	Disputes shall be governed under the laws of the State of Texas, without regard to its conflict of law rules.  The above choice of law is subject to state law. See the State Specific Addenda attached to this disclosure document.

<sup>1</sup> The Renewal Addendum, Exhibit F-8 to this disclosure document, also provides that if you are renewing your Franchise Agreement, the Minimum Royalty Fee begins with the first week of the term of the renewal Franchise Agreement and is the greater of the Minimum Royalty Fee in the renewal Franchise Agreement or the Minimum Royalty Fee in your existing Franchise Agreement.

## **ITEM 18 PUBLIC FIGURES**

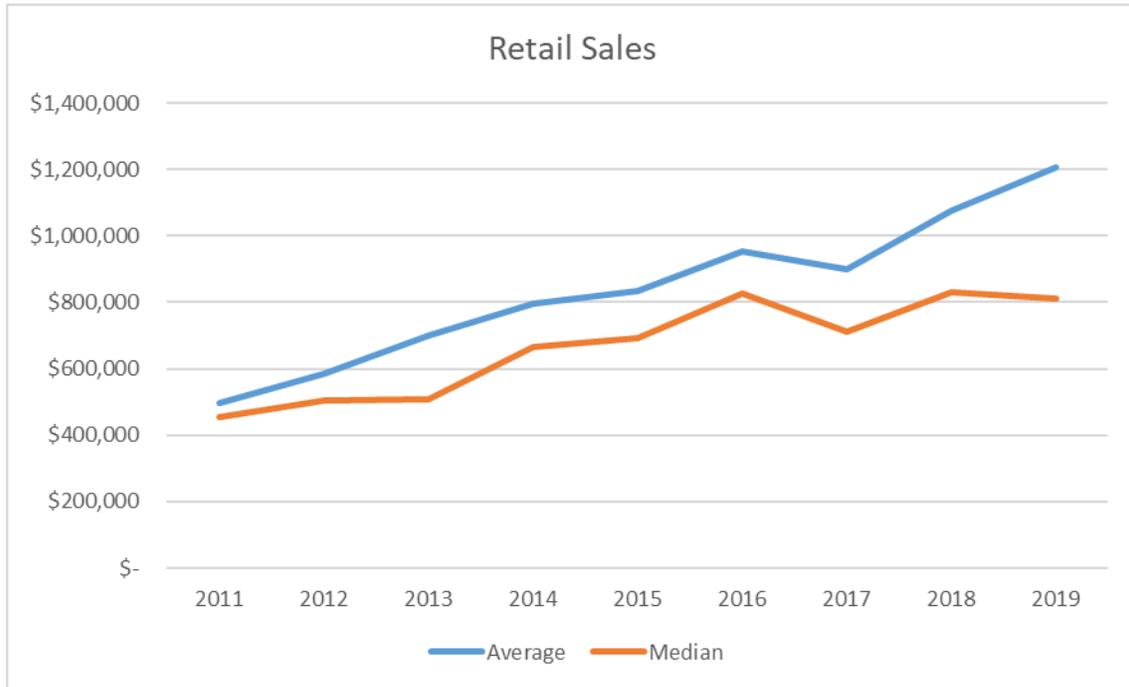
We do not use any public figure to promote the franchise.

**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.

The following graph reflects average Gross Sales achieved by our franchisees in calendar years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019. In calculating these averages, we included Gross Sales information only for the franchisees that had been in operation for the full calendar year, and excluded information about franchisees that began operating after January 1<sup>st</sup> or ceased operating before December 31<sup>st</sup> of the respective year.

As reflected in the chart below, average Gross Sales for our franchisees increased from \$495,524 in 2011, to \$1,204,875 in 2019, representing 143.15% growth.



**Note 1.** For purposes of this Item 19, “Gross Sales” is defined as cash received during the given time period. There are no deductions other than any refunds or credits given to a client.

**Note 2.** The graph reflects average Gross Sales and median Gross Sales information for the 43 franchisees that operated for the full calendar year 2011. Of these 43 franchisees, 17 franchisees (40%) met or surpassed the stated average amount, and 22 (51%) met or surpassed the stated median amount. Of these 43 franchisees, the highest and lowest Gross Sales in 2011 were \$1,605,687 and \$11,727, respectively.

**Note 3.** The graph reflects average Gross Sales and median Gross Sales information for the 38 franchisees that operated for the full calendar year 2012. Of these 38 franchisees, 14 franchisees (37%) met or surpassed the stated average amount, and 19 (50%) met or surpassed the stated median amount. Of these 38 franchisees, the highest and lowest Gross Sales in 2012 were \$2,156,458 and \$54,977, respectively.

Note 4. The graph reflects average Gross Sales and median Gross Sales information for the 34 franchisees that operated for the full calendar year 2013. Of these 34 franchisees, 14 franchisees (41%) met or surpassed the stated average amount, and 17 (50%) met or surpassed the stated median amount. Of these 34 franchisees, the highest and lowest Gross Sales in 2013 were \$2,360,821 and \$77,124, respectively.

Note 5. The graph reflects average Gross Sales and median Gross Sales information for the 34 franchisees that operated for the full calendar year 2014. Of these 34 franchisees, 15 franchisees (44%) met or surpassed the stated average amount, and 17 (50%) met or surpassed the stated median amount. Of these 34 franchisees, the highest and lowest Gross Sales in 2014 were \$3,178,756 and \$30,902, respectively.

Note 6. The graph reflects average Gross Sales and median Gross Sales information for the 33 franchisees that operated for the full calendar year 2015. One of the 33 franchisees changed ownership in December 2015, but continuously operated for the full calendar year 2015. Of these 33 franchisees, 14 franchisees (42%) met or surpassed the stated average amount, and 17 (52%) met or surpassed the stated median amount. Of these 33 franchisees, the highest and lowest Gross Sales in 2015 were \$3,150,590 and \$0, respectively.

Note 7. The graph reflects average Gross Sales and median Gross Sales information for the 31 franchisees that operated for the full calendar year 2016. Of these 31 franchisees, 15 franchisees (48%) met or surpassed the stated average amount, and 16 (52%) met or surpassed the stated median amount. Of these 31 franchisees, the highest and lowest Gross Sales in 2016 were \$3,828,318 and \$29,121, respectively.

Note 8. The graph reflects average Gross Sales and median Gross Sales information for the 35 franchisees that operated for the full calendar year 2017. One of the 35 franchisees changed ownership in July 2017, but continuously operated for the full calendar year 2017. Of these 35 franchisees, 14 franchisees (40%) met or surpassed the stated average amount, and 18 (51%) met or surpassed the stated median amount. Of these 35 franchisees, the highest and lowest Gross Sales in 2017 were \$3,831,484 and \$44,500, respectively.

Note 9. The graph reflects average Gross Sales information for the 33 franchisees that operated for the full calendar year 2019. Of those 33 franchisees, 12 franchisees (36.4%) met or surpassed the stated amount, and 17 (51.5%) met or surpassed the stated median amount. Of these 33 franchisees, the highest and lowest Gross Sales in 2019 were \$4,324,709 and \$500, respectively.

Note 10. The graph reflects average Gross Sales information for the 30 franchisees that operated for the full calendar year 2019. Of these 30 franchisees, 13 franchisees (43.3%) met or surpassed the stated amount, and 17 (51.5%) met or surpassed the stated median amount. Of these 30 franchisees, the highest and lowest Gross Sales in 2019 were \$4,450,529 and \$91,419, respectively.

Gross Sales Information about Franchisees Operating for the Full 12-Months of 2019

As of December 31, 2019, there were 34 System franchisees in operation, 30 of which operated for the full 2019 calendar year. The following charts represent the average Gross Sales and the median gross sales for these 30 franchisees.

2019						
Quartiles	Average Retail Sales Per Franchisee Per Quartile	Highest Retail Sales Per Quartile	Lowest Retail Sales Per Quartile	Number of Franchisees in Quartile	Number Meeting or Surpassing Average	Percent Meeting or Surpassing Average
<b>Top</b>	\$2,410,362	\$4,450,529	\$1,423,740	8	3	37.5%
<b>Second</b>	\$1,177,336	\$1,407,069	\$808,936	8	5	62.5%
<b>Third</b>	\$676,790	\$801,129	\$530,651	7	4	57.1%
<b>Bottom</b>	\$386,736	\$503,076	\$91,419	7	5	71.4%
2019						
Quartiles	Median Retail Sales Per Franchisee Per Quartile	Highest Retail Sales Per Quartile	Lowest Retail Sales Per Quartile	Number of Franchisees in Quartile	Number Meeting or Surpassing Median	Percent Meeting or Surpassing Median
<b>Top</b>	\$2,099,680	\$4,450,529	\$1,423,740	8	4	50%
<b>Second</b>	\$1,307,673	\$1,407,069	\$808,936	8	4	50%
<b>Third</b>	\$702,018	\$801,129	\$530,651	7	4	57.1%
<b>Bottom</b>	\$434,973	\$503,076	\$91,419	7	4	57.1%

Of the 30 franchisees discussed above, 29 were in operation during the full 2018 and 2019 calendar years. The total combined Gross Sales for all 29 of these franchisees increased by 8.18% when comparing year end aggregate Gross Sales for 2019 to year-end aggregate Gross Sales for 2018. 15 franchisees met or surpassed this average in their own individual 2018 to 2019 percentage growth calculation. The average percentage growth for each of these 29 franchisees, when comparing each franchisee’s 2018 Gross Sales to 2019 Gross Sales, is 12.83%. Of this average, 12 franchisees met or surpassed the average. For these 29 franchisees, only the exact number of weeks reported in 2018 were compared to the same week reported in 2019.

Gross Profit Information about Franchisees Operating for the Full 12-Months of 2019

We sent a request for financial information to these 30 franchisees and received information from 28 of them (93.3%). The following charts represent Gross Profit Margins, as defined below, for 26 of these franchisees, as the highest and lowest outlier were discarded for purposes of calculating the averages in the following charts.

The following chart reflects average and median Gross Profit Margin for these 26 franchisees:

2019			
Average Gross Profit Margin	Median Gross Profit Margin	Meeting or Surpassing Average	Meeting or Surpassing Median
44.3%	45.3%	16	14

The following chart reflects average and median Gross Profit Margin for these 26 franchisees, separated by quartile:

2019					
Quartiles	Average Gross Profit Margin <sup>1</sup> Per Quartile	Median Gross Profit Margin <sup>1</sup> Per Quartile	Number of Franchisees in Quartile	Meeting or Surpassing Average	Meeting or Surpassing Median
<b>Top</b>	50.7%	50.8%	7	4	4
<b>Second</b>	46.6%	46.6%	7	4	4
<b>Third</b>	42.0%	41.3%	6	3	3
<b>Bottom</b>	36.5%	36.3%	6	3	3

**Note 1.** “Gross Profit Margin” is the total Gross Sales for each franchisee minus the Cost of Goods Sold, expressed as a percent of Gross Sales. The “Cost of Goods Sold” is defined as direct costs to each job, including: 1) equipment costs; 2) production labor costs—insurance, workers compensation insurance, and burden; 3) production vehicle expenses—lease, maintenance and repair, fuel, license and registrations; 4) materials and freight costs; 5) general production supply expenses; 6) permit costs; 7) debris removal; 8) subcontractor costs; and 9) small tools and equipment.

**Note 2.** The figures reflected in the charts above were compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the information upon which this financial performance representation is based.

The above definition of Gross Profit Margin is what we teach as a part of the DREAMMAKER BATH & KITCHEN BY WORLDWIDE® System and we rely on our franchisees to implement and submit reports based on the System taught.

Average Contract Value Information about Franchisees Operating for the Full 12-Months of 2019

We sent a request for information to these 30 franchisees and received information from 26 of them (87%). The following charts represent Average Contract Value, as defined below.

The following chart reflects average and median Contract Value for these 26 franchisees:

2019			
Average Contract Value	Median Contract Value	Meeting or Surpassing Average	Meeting or Surpassing Median
\$33,930	\$32,858	12 (46%)	13 (50%)

The following chart reflects average and median Contract Value for these 26 franchisees, separated by quartile:

2019					
Quartiles	Average Contract Value <sup>1</sup> Per Quartile	Median Contract Value <sup>1</sup> Per Quartile	Number of Franchisees in Quartile	Meeting or Surpassing Average	Meeting or Surpassing Median
Top	\$58,237	\$49,771	7	2 (28.6%)	4 (57.1%)
Second	\$38,111	\$39,705	7	5 (71.4%)	4 (57.1%)
Third	\$28,798	\$28,584	6	3 (50%)	3 (50%)
Bottom	\$17,843	\$16,173	6	3 (50%)	3 (50%)

**Note 1.** “Contract Value” is the dollar value of the selling price of each contract.

**Note 2.** The figures reflected in the charts above were compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the information upon which this financial performance representation is based.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

The financial performance representations figures do not reflect operating expenses or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your DREAMMAKER BATH & KITCHEN BY WORLDWIDE® franchised business.

Except for the information presented above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Douglas A. Dwyer, President and CSO,

510 N. Valley Mills Drive, Suite 304, Waco, Texas 76710, 254/523-9577, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2017 to 2019**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets at End of Year</b>	<b>Net Change</b>
Franchised	2017	36	38	+2
	2018	38	34	-4
	2019	34	34	0
Company-Owned	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Total Outlets	2017	36	38	+2
	2018	38	34	-4
	2019	34	34	0

**Table No. 2  
Transfers of Outlets From Franchisees to New Owners  
(Other than the Franchisor)  
For Years 2017 to 2019**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Michigan	2017	1
	2018	0
	2019	0
Total	2017	1
	2018	0
	2019	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2017 to 2019**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of Year
AL	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
CA	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
CO	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
CT	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
FL	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
GA	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
IL	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
LA	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
MD	2017	1	0	0	1	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
MI	2017	3	1	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	1	0	0	0	3
MN	2017	2	0	0	0	0	0	2
	2018	2	0	0	1	0	0	1
	2019	1	0	0	0	0	0	1
NC	2017	1	1	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	1	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of Year
NV	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
OH	2017	3	0	0	0	0	0	3
	2018	3	0	1	1	0	0	1
	2019	1	0	1	0	0	0	0
OR	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
PA	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
SC	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
SD	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	1	0	0	0
TN	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
TX	2017	3	1	0	0	0	0	4
	2018	4	0	1	0	0	0	3
	2019	3	0	0	0	0	0	3
UT	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
VA	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
WA	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
WI	2017	2	0	0	0	0	0	2
	2018	2	0	0	1	0	0	1
	2019	1	1	0	0	0	0	2
TOTAL	2017	36	3	0	1	0	0	38
	2018	38	1	2	3	0	0	34

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of Year
	2019	34	4	3	1	0	0	34

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2017 to 2019**

State	Year	Outlets At Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets At End Of Year
Total	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0

**Table No. 5**  
**Projected Openings**  
**As of December 31, 2019**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Florida	0	1	0
Georgia	0	1	0
Michigan	0	1	0
Texas	0	2	0
Utah	0	1	0
<b>TOTALS</b>	<b>0</b>	<b>6</b>	<b>0</b>

Exhibit D to this disclosure document contains the names of current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2019. Exhibit D also contains the name, city and state and the current business telephone number (or, if unknown the last known home telephone number or e-mail address) of franchisees who left the system during the last fiscal year, December 31, 2019, or who have not communicated with us in the 10 weeks prior to the issuance date of this disclosure document. If you buy this franchise your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentiality clauses with one or more of our current and/or former franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with DREAMMAKER BATH & KITCHEN BY WORLDWIDE®. 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.

We are not aware of any trademark-specific franchisee organization associated with the franchise. No trademark-specific franchisee organization has asked to be included in this disclosure document.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Included as Exhibit C are our audited balance sheets as of December 31, 2019, 2018, and 2017, and the related statements of operations, statements of changes in shareholder's equity, and statements of cash flows for the years then ended. Our fiscal year ends on December 31.

**ITEM 22**  
**CONTRACTS**

- EXHIBIT B Franchise Agreement and Exhibits
- B-1 Territory Description and Franchise Fee
  - B-2 Domain Name License Agreement
  - B-3 Confidentiality Agreement
  - B-4 Technology Agreement [Including QuickBooks Template]
  - B-5 Right of Publicity General Release
  - B-6 Authorization for Release of Information (Vendors)
  - B-7 State Specific Addenda
  - B-8 Franchisee Disclosure Questionnaire
  - B-9 Franchisee Disclosure Questionnaire – Transfer

EXHIBIT F

- F-1 ACH Authorization
- F-2 Promissory Note and Security Agreement
- F-3 Existing Business Addendum (optional)
- F-4 Existing Business Addendum – Large Roll-in (optional)
- F-5 Legal Entity Information Sheet
- F-6 Financial Information Sheet
- F-7 Option to Purchase Agreement
- F-8 Renewal Addendum
- F-9 Lease Rider
- F-10 General Release (sample)

**ITEM 23**  
**RECEIPTS**

Exhibit H includes two detachable receipts acknowledging your receipt of this disclosure document. Please complete both receipts, keep one for your own records, and return the second one to us via e-mail (enclosing a scanned copy of the completed executed receipt) or other electronic means, facsimile, delivery, or first class mail.

**EXHIBIT A TO  
FRANCHISE DISCLOSURE DOCUMENT**

## STATE APPENDIX

### ***FOR THE STATE OF CALIFORNIA***

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Corporations, prior to solicitation of a proposed material modification of your Franchise Agreement.

Item 3 of the Disclosure Document is supplemented by the following:

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

Item 17 of the Disclosure Document is supplemented by the following:

California Business and Professions Code, Section 20000 through 20043 provides rights to the franchisee concerning transfer, termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchise. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

The Franchise Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the county where Franchisor maintains its principal business address at the time of arbitration and each party to the arbitration is responsible for their own costs and expenses of arbitration, including legal and filing fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

**FOR THE STATE OF ILLINOIS**

1. Illinois law governs the franchise agreement(s).
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee’s rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

**FOR THE STATE OF MARYLAND**

1. Item 6, Advertising Fee, and Item 11 are amended to provide that you will be notified in writing of the manner in which you may obtain an accounting of the advertising fund as required by COMAR 02.02.08.04B(2).
2. Item 17 is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
3. Item 17(m) is modified to state that the general release required as a condition of transfer will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.
4. Exhibits B-8 and B-9 to the Franchise Agreement, Franchisee Disclosure Questionnaire, is amended to add the following:

The foregoing representations 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.

**FOR THE STATE OF MINNESOTA**

The following supplements Item 6:

Dishonored Check for ACH Draft	\$75, however, currently the State of Minnesota caps this fee at \$30.	Upon demand	If your financial institution returns a check or ACH draft for insufficient funds, you must pay us this fee for each item returned.
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The following sentence supplements Item 13:

Pursuant to Minnesota Stat. §80C.21, Subj. 1(g), we are required to protect any rights which you have to use our proprietary marks.

Item 17 of the Franchise Disclosure Document is supplemented by 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 (1) a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. 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 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

**FOR THE STATE OF NEW YORK**

1. All references made herein to a Disclosure Document shall be amended to Offering Prospectus.
2. The following paragraphs are added to the Franchise Disclosure Document Cover Page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK, 10005.

3. Item 3, LITIGATION, of the Disclosure Document is supplemented by the following:

Neither the franchisor, its predecessor, nor any person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark:

- A. 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, and there are no 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.
  - B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of a or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, or misappropriation of property, or unfair or deceptive practices or comparable allegations.
  - C. 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.
4. Item 4, BANKRUPTCY, of the Disclosure Document is supplemented by the following:

Neither the franchisor, its affiliate, its predecessor, nor its officers, or general partner during the 10-year period immediately before the date of the offering circular:

    - (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;
    - (b) obtained a discharge of its debts under the bankruptcy code; or

(c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

5. Item 17, RENEWAL TERMINATION, TRANSFER AND DISPUTE RESOLUTION, of the Disclosure Document is supplemented by the following:

Item 17, section (d), Termination by franchisee: The franchisee may terminate the agreement on any grounds available by law.

Item 17, section (j), Assignment of contract by franchisor: However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

Item 17, section (w), 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. The New York Franchises Law requires that New York govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement that is inconsistent with that law.

#### ***FOR THE STATE OF VIRGINIA***

Item 17 of the Franchise Disclosure Document is amended as follows:

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Twin Restaurant Franchise, LLC, is supplemented by the following:

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement do not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

#### ***FOR THE STATE OF WASHINGTON***

If any of the provisions in the Franchise Agreement is inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Agreement with regard to any franchise sold in Washington.

Item 6 is supplemented by the following:

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

Item 17 is supplemented by the following:

1. Notwithstanding the provisions of the Franchise Agreement, in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
2. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

3. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

***FOR THE STATE OF WISCONSIN***

Item 17 of the Disclosure Document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

**EXHIBIT B TO  
FRANCHISE DISCLOSURE DOCUMENT**



**WORLDWIDE REFINISHING SYSTEMS, INC.**

**FRANCHISE AGREEMENT**

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## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into by and between WORLDWIDE REFINISHING SYSTEMS, INC., a Texas corporation doing business as DREAMMAKER BATH & KITCHEN BY WORLDWIDE and having an address of 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, having an address of \_\_\_\_\_ (“Franchisee”).

WHEREAS, Franchisor has expended significant time, money and effort to develop certain skills, concepts, business techniques, marketing systems, and a specialized method and process with uniform standards, specifications, methods, policies and procedures (the "System") for a business which performs (a) residential and commercial bathroom and kitchen remodeling, cabinet refacing, safety and mobility modifications, and other interior remodeling; (b) exterior remodeling and restoration projects as needed; and (c) related services, and which sells related proprietary and non-proprietary products and materials (“Franchise”); and

WHEREAS, Franchisor owns and has identified the System and the Franchise by means of certain trade names, service marks, trademarks, logos, slogans and other indicia of origin, including but not limited to the service mark DREAMMAKER BATH & KITCHEN BY WORLDWIDE® and logo, and such other trade names, service marks, trademarks, logos, slogans and other indicia of origin as are now and may hereafter be designated by Franchisor for use in connection with the System and the Franchise (the “Marks”); and

WHEREAS, Franchisee, understanding the necessity of operating in conformity to the System in connection with the Marks, desires to acquire a license to operate a business that utilizes the System to offer and sell the services required by this Agreement (the “Franchised Business”) to be operated in and from a geographic territory described in the attached Exhibit B-1 (the “Territory”) from a business site selected by Franchisee and approved by Franchisor (the “Franchise Location”) and Franchisor is willing to grant to Franchisee such a license for a Franchised Business to be operated in and from the Territory under the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants, terms and conditions contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged by Franchisor and Franchisee, the parties hereto agree as follows:

### 1. TERM AND RENEWAL

A. **Initial Term.** This Agreement and the license granted herein shall be for a term of 10 years from the date of execution by Franchisor (the “Effective Date”), subject to earlier termination as provided herein.

B. **Renewal.** At the end of the initial 10-year term and each term thereafter, provided Franchisee has substantially complied with the terms of this Agreement, Franchisee shall have the option to renew this license for additional periods of 10 years each by giving Franchisor written notice of Franchisee’s intent to renew at least six months prior to the end of the then-current term. If Franchisee desires to exercise its renewal options as described above, it must comply with all of the following conditions prior to and at the end of the then-current term:

1. Franchisee may not be in default under this Agreement or any other agreement between Franchisee and Franchisor or its affiliates; Franchisee may not be in default beyond the applicable cure period of any real estate lease (if applicable), equipment lease, or financing instrument relating to the Franchised Business; Franchisee may not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and, for the 12 months before the date of Franchisee's notice and the 12 months before the expiration of the then-current term, Franchisee may not have been in default

beyond the applicable cure period under this Agreement or any other agreements between Franchisee and Franchisor or its affiliates;

2. Franchisee shall have satisfied all monetary obligations owed to Franchisor, its affiliates, and third-party suppliers;

3. Franchisee, and all individuals who have executed this Agreement and all guarantors of Franchisee's obligations under this Agreement shall have executed a general release and a covenant not to sue, in a form satisfactory to franchisor, of any and all claims against Franchisor and its affiliates and their respective past and present, officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacity, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances, and claims arising out of, or relating to, this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates and Franchisee's operation of the Franchised Business and the offer and grant of the DREAMMAKER BATH & KITCHEN BY WORLDWIDE® franchise opportunity;

4. Franchisee shall perform, at Franchisee's expense, such renovations and remodeling as may be reasonably required by Franchisor so that the Franchise Location conforms with then-current System standards. Such renovations and remodeling may include, without limitation, structural changes, redecoration, design and color scheme changes, and modification to existing improvements;

5. Franchisor shall have been paid the renewal fee of \$7,500;

6. Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

7. Franchisee shall sign Franchisor's then-current franchise agreement, whose terms, conditions, and fees may be materially different from the terms of this Agreement.

C. **Holdover.** Franchisee has no right to continue operating the Franchised Business beyond the expiration of the term of this Agreement. If Franchisee does not execute a new franchise agreement prior to the expiration of the initial or any renewal term and nonetheless continues to operate the Franchised Business and/or otherwise accept the benefits of this Agreement, then, at Franchisor's sole option, Franchisor may treat this Agreement as either (1) expired as of the date of expiration of this Agreement, with Franchisee then operating without a license or consent of Franchisor to do so, in violation of Franchisor's rights; or (2) as continued on a month-to-month basis (the "Holdover Period") where all Franchisees obligations will remain in full force and effect during the Holdover Period as if the Agreement had not expired; provided, however, that during any Holdover Period Franchisee will pay a Royalty Fee and MAP Fee equal to 150% of the rates Franchisee was paying at end of the term. Each Holdover Period expires at the end of each calendar month unless this Agreement is continued as provided in this Section 1.C. The Holdover Period does not create any new franchise rights and, upon expiration of the final Holdover Period, Franchisee will be bound by all post-term obligations as provided in this Agreement.

## 2. GRANT OF LICENSE

A. **Grant.** Franchisor hereby grants to Franchisee, and Franchisee accepts:

1. an exclusive license, right, authority and obligation, subject to the terms and conditions of Section 2.D., below, and other provisions of this Agreement, to establish and operate the Franchised Business in and for the Territory from the Franchise Location approved by Franchisor. Franchisor shall not grant a license for a franchise to any other person or entity or establish a company-owned unit using the Marks in the Territory during the term of the Agreement; and

2. the non-exclusive and personal license, right and privilege to use the Marks and the System in connection with the Franchise in the Territory subject to all the terms and conditions of this Agreement and such terms and conditions as Franchisor may periodically establish. Franchisee expressly agrees that all rights, title and interest in and to the Marks, the System and Franchisor's goodwill and confidential trade

secrets are owned by Franchisor and shall remain solely in Franchisor and are being revealed to Franchisee solely to enable Franchisee to establish and operate the Franchise.

B. **The System.** Franchisee does hereby adopt and shall use and become part of the System and agrees to indicate to the public that the Franchised Business is part of the System and that Franchisee is a franchisee of the System. Franchisee acknowledges that the System may be supplemented, improved upon and/or modified periodically at Franchisor's sole discretion, including, but not limited to, the right to offer new services and products to Franchisee for resale to customers. In the interest of preserving the integrity and reputation of the System, Franchisor shall have full control and discretion over such developments and Franchisee shall comply with all reasonable requests and requirements of Franchisor as a result of any changes.

C. **Territorial Restrictions.** Franchisee may not solicit customers, perform services or sell products related to the Franchised Business outside the Territory without Franchisor's prior written consent. If Franchisee receives an inquiry or request from a prospective customer outside the Territory, such inquiry or request must be referred to Franchisor or to the franchisee, if any, who is authorized to service such other territory. If no other franchisee is available, Franchisor may authorize Franchisee to respond to the inquiry. If so, the customer shall remain Franchisee's customer through completion of the project and until another franchise is granted for the territory where the customer is located, in which case, Franchisee expressly agrees that Franchisee shall promptly assign or transfer any such customer to Franchisor or its designee upon request. Franchisee also agrees to cease and desist from using all advertising and telephone numbers and all Territory-specific email addresses, domain names and comparable electronic identities which are, at the time of the demand, or have at any time been, used outside the Territory, including telephone numbers listed in any Yellow Pages or white pages telephone directory under the Marks or any other name similar to any of the Marks, and upon demand of Franchisor, direct the telephone company or service provider servicing the Franchisee to transfer all such telephone numbers, email addresses, domain names and comparable electronic identities registered to Franchisee in connection with the Franchised Business to Franchisor or its designee. Franchisee may not have any telephone number, email addresses, domain names or comparable electronic identities owned by a third party, including a company affiliated with Franchisee.

D. **Franchisor's Reservations.** Franchisor reserves for itself all rights not specifically granted to Franchisee herein, including, without limitation: (1) the right to sell or distribute products and services through alternate channels of distribution, including without limitation, via the internet, mail order, catalogues, and telephone; (2) the right to engage in any business activities, including the grant of franchises, under any trademarks (including the Marks) outside of Franchisee's Territory, regardless of the proximity to Franchisee's Territory; and (3) the right to engage in any business activities, including the grant of franchises, under any trademarks except the Marks, both inside and outside of Franchisee's Territory.

If Franchisee refuses or in the judgment of Franchisor is not qualified, interested or available to perform services for any customer located within the Territory, if Franchisee requests assistance in the performance of such services, if a customer, in writing, specifically requests services within the Territory from a different franchisee or any other third party, or if a National Account Customer submits a request for service within the Territory which cannot be referred to Franchisee under that customer's contract or under the standards and procedures of any National Account program being administered by Franchisor or any designee of Franchisor, Franchisor reserves the right, in its sole discretion, to appoint a corporate employee, another franchisee or any other third party to perform the subject services or to assist Franchisee in performing the subject services in order to ensure superior customer satisfaction and protection of the Marks. A "National Account" is an account that Franchisor enters into directly with a National Account Customer. A "National Account Customer" is a customer whom Franchisor designate as a National Account Customer and (1) who contracts with Franchisor for the provision of services at more than one location and/or (2) whose work requires or is conditioned upon having special knowledge, skill, licenses, insurance,

equipment, pricing, payment terms, turnaround times, or approvals. Franchisee has the option to not participate in any National Account program.

### 3. FEES AND PAYMENTS

In consideration of the issuance and continuance of this license, Franchisee hereby agrees to promptly make the following payments to Franchisor:

A. **Initial Franchise Fee.** The minimum initial franchise fee is \$40,000, plus \$200 per 1,000 population for an additional territory, less applicable discounts. In consideration of the license granted herein, an initial franchise fee as set forth on Exhibit B-1 of the Agreement (the “Franchise Fee”) is due and payable in full upon Franchisee’s execution of this Agreement. The Franchise Fee is fully earned by Franchisor upon Franchisor’s execution of this Agreement and is non-refundable upon payment.

B. **Franchise Development Package Payment.** Franchisee shall pay to Franchisor \$18,995 for the franchise development package before it begins operating the Franchised Business. This franchise development package includes certain marketing and initial operations-related materials. Franchisee’s written order for the franchise development package must be submitted to and received by Franchisor before the expiration of 90 days after Franchisee’s completion of Franchisor’s initial training program. If Franchisee’s order for the franchise development package is not submitted within this time period, Franchisor is under no obligation to provide the franchise development package to Franchisee and the payment under this Section is nonrefundable.

C. **Initial Advertising and Promotion Deposit.** On Franchisee’s execution of this Agreement, Franchisee will pay to Franchisor the amount identified in Exhibit B-1 to this Agreement as an Initial Advertising and Promotion Deposit which Franchisor will hold and return to Franchisee as provided in this Section. This amount will be between \$12,000 and \$42,000, as determined in Franchisor’s sole discretion. Exhibit B-1 also includes the amount of the deposit to be considered as the “Franchisor’s Draw” which amount Franchisor will spend on promotional and marketing activities related to the Franchised Business, as determined by Franchisor in its sole discretion. Franchisee must submit to Franchisor proof that Franchisee has incurred expenditures related to advertising and promotional activities approved by Franchisor in writing, and Franchisor will return to Franchisee the related expenditure amount up to the deposit amount (less the Franchisor’s Draw) within 30 days of Franchisor’s receipt of such proof. If Franchisee does not submit proof of approved advertising and promotional expenditures at least up to the amount of Franchisee’s deposit (less the Franchisor’s Draw) within 12 months of the first Monday after completing Waco Training, the balance will be forfeited. The deposit amount is refundable, less any expenses Franchisor has incurred in connection with the Franchised Business, only if, for any reason, this Agreement is terminated before the completion of Waco Training.

D. **Initial Bookkeeping and Accounting Services Fee.** On Franchisee’s execution of this Agreement, Franchisee will pay to Franchisor an amount between \$3,225 and \$6,600 to be determined at Franchisor’s discretion, which will pay for services from Franchisor’s designated bookkeeping and accounting services provider for a period of 12 months following the sale of Franchisee’s first DreamMaker project. The lower range of the deposit amount applies to Conversions, while the higher range applies to Start-Ups.

E. **Design Center Buildout Deposit.** On Franchisee’s execution of this Agreement, Franchisee will pay to Franchisor \$2,500, which Franchisor will hold as a deposit. The deposit will be returned to Franchisee upon Franchisee’s submission of an estimate of Franchisee’s design center buildout in EMT, Franchisor’s proprietary software, and review of Franchisee’s submission with Franchisee’s franchise coach.

F. **Definition of Gross Sales.** “Gross Sales” means all revenues of the Franchised Business, being all revenues from services performed from, through, by or on account of the operation of the Franchise and/or revenues from the sale of products, less the amount of sales tax or similar receipts which,

by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. Gross Sales does not include any bona fide refunds, rebates or discounts granted in the ordinary course of business. Gross Sales includes all sales, whether cash or credit, including, credit card and debit card transactions and payments using a check, via wire transfer, or any other form of electronic or digital payment, with payment received at the time the debit, charge, check, or payment is made. If a transaction which was previously included in a prior period's report of Gross Sales is determined to be uncollectible, that amount shall be allowed as a credit against the Gross Sales reported to Franchisor for the period in which the determination is made. Gross Sales does not include income generated by Franchisee's operation of any Competitive Business identified on Exhibit B-1 of this Agreement so long as Franchisee complies with Section 5.A. herein and further provided that Franchisee maintains separate books and records for each of the Franchise and such Competitive Business. If Franchisee keeps separate sales accounts and costs of sales accounts within an existing bookkeeping system, Franchisor shall consider the separate books and records requirement to have been met. Franchisee shall make the books and records for any Competitive Business available to Franchisor upon reasonable prior notice so that Franchisor may verify Franchisee's compliance with the separate books and records requirement.

If Franchisee has an existing business with work that was started prior to execution of this Agreement then, beginning with the first Monday following completion of Waco Training for the jobs for which Franchisee has already received a deposit and/or design fee but no construction has started Franchisee must report all Gross Sales received from such date onward. For jobs where construction started before such date Franchisee is not required to report Gross Sales received from that job.

G. **Royalty Fee, Training Fees, and Continuing Education Fees.** During the term of this Agreement, commencing on the first Monday after completion of Simulation Training or four months after the Effective Date, whichever occurs first (the "Start Date"), Franchisee shall report Gross Sales for the previous week and pay Franchisor a weekly fee based on the previous week's Gross Sales of the Franchise (the "Royalty Fee"), as set forth below:

<b>Annual Aggregate Gross Sales</b>	<b>Royalty Percentages</b>
\$0 – \$399,999	7%
\$400,000 - \$799,999	6%
\$800,000 – \$1,199,999	5%
\$1,200,000 – \$1,999,999	4%
\$2,000,000 – over	3%

As each level of aggregate Gross Sales is reached the new percentage rate applies to all reporting periods from and after that date. For the first Report due in each calendar year, however, the beginning rate of calculation of the Royalty Fee is determined by the previous year's aggregate Gross Sales as timely reported to Franchisor in the Reports due during the previous calendar year. The Royalty Fee is due every Wednesday and it is collected from all franchisees.

Beginning the first full week after completion of Waco Training or after commencing operation of the Franchised Business, whichever occurs first, and continuing throughout the franchise term, Franchisee must pay Franchisor a Continuing Education Fee of \$100 a month via automatic bank draft. The Continuing Education Fee is considered fully earned and nonrefundable upon payment. If certain requirements are met, however, it is Franchisor's current policy to reimburse Franchisee for expenses incurred in attending certain specified training meetings, up to a defined limit. For the first meeting, Franchisor shall reimburse expenses up to the sum of Continuing Education Fee payments or \$600, whichever is less; for each additional meeting, Franchisor shall reimburse expenses up to \$600. Total reimbursement, for any year, will not exceed the sum of Continuing Education Fee payments or \$1,200. To qualify for the refund, (1) Franchisee must be current in all amounts due and payable under this Agreement including, without limitation,

Continuing Education Fee payments, (2) Franchisee must register and pay for all training in advance as required, (3) Franchisee must pay all expenses of attending training, and (4) Franchisee must actually attend and participate in the entire training meeting or event. Refunds will be processed and sent to Franchisee in the time and manner determined by Franchisor. Franchisor may modify or discontinue this refund policy at any time. Continuing Education Fee payments will not be separately accounted for or segregated from general operating funds, and are not refundable wholly or partly, except in accordance with this paragraph.

If Franchisee purchases a franchise from an existing franchisee, Franchisor will provide Waco Training to Franchisee and Franchisee must pay \$3,500 for such training. Franchisee must also participate in the requisite initial sales-related training program and pay Franchisor a \$3,500 Initial Sales Education Fee.

H. **Minimum Gross Sales Volume and Minimum Royalty Fee.** Beginning on the (1) seventh month after the Effective Date or (2) third month after the Start Date, whichever occurs first, Franchisee shall pay to Franchisor the greater of the Royalty Fee described in Section 3.E., or the Minimum Royalty Fee described in this Section 3.F. The Minimum Royalty Fee shall be \$120 per week, and, beginning with the week following the first-year anniversary of the Effective Date, shall increase by an additional \$45 per week for each additional 100,000 people located in Franchisee's Territory (over and above the minimum population of 200,000). The population in Franchisee's Territory is subject to increase each January by an amount equal to the estimated population increase prepared by the U.S. Census Bureau or any substitute or successor source. The Royalty Fee is also subject to increase each January by an amount equal to the increase, if any, in "The Consumer Price Index for all Urban Consumers", U.S. City Average, All Items published by the U.S. Bureau of Labor Statistics, or any successor or substitute index appropriately adjusted. The Royalty Fee shall never be increased more than once per calendar year and said increase, if any, shall never be more than \$20 per week in any calendar year period. Franchisee's failure to pay Franchisor at least the Royalty Fee shall constitute a material default of the Agreement.

I. **MAP Fee.** Franchisee shall pay to Franchisor an additional two percent of the previous week's Gross Sales from the operation of the Franchise (the "MAP Fee") as a contribution to a national marketing, advertising and promotion fund (the "MAP Fund"). The rate of two percent of Gross Sales applies to the first \$1,000,000 of Gross Sales, after which the MAP Fee shall be paid at the rate of one percent of Gross Sales for that year. Each year the rate of two percent of Gross Sales will apply until Franchisee has paid two percent of Gross Sales on \$1,000,000 of Gross Sales. The MAP Fee is due on Wednesday of each week at the same time as the Royalty Fee.

J. **Advertising Cooperatives.** Franchisor may approve the establishment of local cooperative advertising associations consisting of all franchised and company-owned units within an area ("Cooperative"). Upon receipt of notice from Franchisor that a Cooperative has been formed which includes the Territory, Franchisee shall participate as a member of such Cooperative and contribute the amount determined collectively by the members of such Cooperative; provided, however, that any required contribution exceeding two percent of Gross Sales for any specified period must be approved by the affirmative vote of two-thirds of the Cooperative members, attending in person or voting by proxy, at a duly constituted meeting. Such Cooperative contributions are in excess of the MAP Fee required to be paid under this Agreement.

K. **Reports and Payments.** Franchisee shall submit to Franchisor by Wednesday of each week, at the time of day specified by Franchisor, and on a form approved by Franchisor, a correct statement, signed by Franchisee (a "Report"), of Gross Sales for the previous week's reporting period, together with payment of the greater of the Royalty Fee or the Minimum Royalty Fee, plus the MAP Fee. Franchisor may specify a different day of the week for such Reports by notifying Franchisee in writing of such change. When Franchisor directs, the Report shall be submitted electronically as prescribed by Franchisor, including using prescribed software, and Franchisee shall pay all fees by automatic bank draft based on Reports submitted to Franchisor electronically. Franchisor may independently poll Gross Sales and other information input and compiled by Franchisee's computer system from a remote location. There is no

limitation on Franchisor's right to access this information. The Report may include other operational activity as specified by Franchisor.

Franchisee shall participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to use a pre-authorized bank draft system. Franchisee shall: (a) comply with Franchisor's procedures, as specified in the Manual or otherwise in writing; (b) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 3.I; (c) execute and deliver to Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the account for payments of the Royalty Fee and any other amounts payable under this Agreement, including any interest charges; and (d) make sufficient funds available in the account for withdrawal by electronic funds transfer no later than the due date for payment thereof. Notwithstanding the provisions of this Section 3, Franchisor reserves the right to modify, at its option, the method by which Franchisee pays the Royalty Fee and other amounts owed under this Agreement upon receipt of written notice by Franchisor. Franchisee's failure to have sufficient funds in the account from which Franchisor receives payment is a material breach of this Agreement.

L. **Late Reports; Amended Reports.** If Franchisor fails to receive a Report within five days after the due date, Franchisor may assess a late reporting administrative fee of \$15 per Report. If Franchisee submits a Reports which requires amending or updating after submission due to inaccuracy or error, Franchisor may assess a Report amendment administrative fee of \$35 per Report. The administrative fees in this Section 3 are imposed to reimburse Franchisor for overhead and administrative costs associated with such late or amended reporting.

M. **Administrative Enforcement Fee.** Unless otherwise specified in this Section 3 or under this Agreement, Franchisor will impose a \$50 administrative enforcement fee per submittal due under this Agreement which Franchisee fails to remit timely to Franchisor. Notwithstanding the generality of the foregoing, the administrative enforcement fee shall be \$50 for failure to submit a monthly financial report under Section 5.H.2.; 100\$ for failure to submit yearly financial statements under Section 5.H.3 or proof of renewal of insurance under Section 5.G.; \$250 for failure to submit annual business budget for forthcoming year under Section 5.H.4.; and \$250 for failure to submit tax-related returns or letters due under Section 5.H.5.

If at any time the Franchised Business fails to conform to System requirements, Franchisor has the right to impose and collect from Franchisee an administrative fee as described in this paragraph ("Administrative Fee"). Specifically, (1) Franchisor may impose and collect from Franchisee a \$250 Administrative Fee for each "enforcement effort" that Franchisor undertakes on account of Franchisee's noncompliance with System standards (e.g., a letter, email, or telephone communication notifying Franchisee of noncompliance or continued noncompliance), and (2) if Franchisor has notified Franchisee of noncompliance and Franchisee has failed to correct the issue within seven days, Franchisor may impose and collect from Franchisee a \$250 Administrative Fee per week until the issue has been corrected to Franchisor's satisfaction.

Franchisor also may impose and collect a \$250 Administrative Fee if Franchisee fails to acknowledge receipt of Franchisor's communications to Franchisee, or to respond to Franchisor's communications within 96 hours of delivery. The Administrative Fee is not a penalty but is intended to compensate Franchisor for the additional costs that it incurs in enforcing compliance with System standards and is in addition to and not in lieu of any other rights or remedies that Franchisor may have based on Franchisee's noncompliance with System standards. Franchisor may impose and collect the Administrative Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of Franchisee's obligations under this Agreement and, if it is, whether or not a cure period applies.

N. **Late Payments.** After the due date, all payments shall bear interest at the highest rate permitted by applicable law, not to exceed 12% per annum.

O. **Dishonored Checks.** To cover Franchisor's additional expenses for handling dishonored checks and/or ACH drafts, Franchisee agrees to pay Franchisor a fee of \$75 for each dishonored check and/or ACH draft tendered to Franchisor by Franchisee.

P. **Reimbursement of Taxes.** Within 30 days after receipt of an invoice, Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax, income tax, or similar taxes or assessments imposed on Franchisor with respect to any payments due to Franchisor under this Agreement.

Q. **Independent Obligations: Application of Payment.** Franchisee's obligations to pay Royalty Fees and other monetary obligations under this Agreement are absolute and independent of any other provision of this Agreement. Franchisee shall not, on any grounds including any alleged non-performance by Franchisor of any of its obligations hereunder, withhold, offset or escrow any amounts due in accordance with this Agreement for any reason and if Franchisee does so such action shall be deemed an independent default of this Agreement for which Franchisor will have the absolute right to terminate this Agreement. No endorsement or statement on any check or payment of any sum less than the full sum due shall be construed as an acknowledgement of payment in full or an accord and satisfaction and Franchisor may accept and cash such check or payment without prejudice to its rights to recover the balance due or pursue any other remedy provided herein or by law. Franchisor has the right to apply any payments to past due indebtedness. Franchisor is not required to accept payments after same are due, extend credit or otherwise finance Franchisee's operations. Failure to pay all amounts when due may result in suspension of access to Franchisor's support and services until such failure is cured and constitutes good cause for termination of this Agreement. Franchisor may sell, assign or discount any note or monetary obligation arising from the Agreement to a third party.

R. **Personal Obligation.** Franchisee acknowledges that the Royalty Fee and any other monetary obligations owed to Franchisor under this Agreement are personal obligations of Franchisee and that Franchisee is required to personally participate in the operation of the Franchised Business unless Franchisor otherwise consents. If Franchisee is a corporation or other legal entity, Franchisee must designate an "Operating Principal" in accordance with Section 5.A. herein and Franchisee's Principals shall personally guaranty Franchisee's performance to Franchisor. If there are two or more Principals, their obligation and liability shall be joint and several. "Principals" means Franchisee's spouse, if an individual; any holder of voting securities, if Franchisee is a corporation; any and all members and managers, if Franchisee is a limited liability company; and Franchisee's general partner and the Principals of the general partner, if Franchisee is a limited partnership. If any Principal is a business entity, then the term "Principal" also includes the Principals of the business entity.

S. **Amendment Fee.** If Franchisee requests an amendment to this Agreement and Franchisor agrees to such request, Franchisee must pay Franchisor a processing fee for modifications to this Agreement equal to the greater of (1) Franchisor's actual costs in preparing the amendment, including without limitation, legal fees, or (2) \$500. When Franchisee executes an amendment to this Agreement or related agreements Franchisor may require that Franchisee sign a general release releasing Franchisor from all claims Franchisee may have except claims which, under state law, may not be released.

T. **Brand Protection Fund.** Franchisor has the right to create and administer a Brand Protection Fund ("BPF"). Upon receipt of notice from Franchisor that the BPF has been formed, Franchisee shall participate in the BPF by signing any documents required by Franchisor, and shall contribute to the BPF an amount determined by Franchisor; provided, however, that such contribution shall not exceed \$5,000. Contributions are nonrefundable when paid. Franchisor shall use BPF monies for the proper completion of jobs performed by franchisees and former franchisees and to reimburse related administrative costs. The BPF may be administered by Franchisor directly, or may be administered by a separate entity controlled by Franchisor and/or DREAMMAKER franchisees. All decisions relating to BPF expenditures shall be made by exclusively Franchisor, after having solicited and received comments and advice from an advisory committee comprised of franchisees selected by, or according to procedures determined by,

Franchisor. An annual unaudited statement of BPF contributions and expenditures will be made available to Franchisee upon request.

#### 4. FRANCHISOR'S OBLIGATIONS

A. **Training.** Franchisee understands and acknowledges that Franchisor does not provide technical training on remodeling techniques. Franchisor's initial training consists of three phases: (1) "Foundations Training," (2) "Waco Training," and (3) "Simulation Training." Franchisee will attend Foundations Training via phone, webinar, through self-study, or other method as Franchisor may designate from time to time. During Waco Training, Franchisor shall train Franchisee in the fundamental marketing skills and managerial skills necessary to operate a Franchise in accordance with the System. Waco Training shall be conducted periodically at the home office in Waco, Texas, via webinar, or such other time and place as Franchisor may designate. During Simulation Training Franchisee will complete self-study exercises, sales training and role play, marketing assignments, shadow employees of existing franchise locations, visit Franchisor's preferred cabinet vendor and complete 24 hours of online design courses. Franchisee also must complete a sales and sales management training program, at Franchisee's expense, with a third party designated by Franchisor. Franchisee, or the Operating Principal designated by Franchisee pursuant to Section 5.A., must attend and complete all training at such designated times and locations, and via such designated methods, as specified by Franchisor. Franchisee must complete such training to Franchisor's satisfaction. If Franchisor, in its sole discretion, determines that Franchisee has failed to satisfactorily complete this training, Franchisor may terminate this Agreement. Following termination, the provisions of Section 13 shall apply. If Franchisee has employees whom Franchisee wishes for Franchisor to train, such additional persons may attend these training classes for a fee at then-current costs, which costs may change from time to time without notice to Franchisee. Franchisee is solely responsible for all food, lodging, travel, and miscellaneous expenses for itself and its employees to, from and during training. Franchisor may provide, from time to time, additional or "refresher" training programs, seminars, regional meetings and related activities regarding the operation the Franchised Business. Franchisor may also conduct an annual convention (the "Reunion") and various other training seminars for Franchisee at such times and places and for such duration as Franchisor designates. Franchisor may charge a reasonable cost for any such training programs, seminars, meetings and the Reunion. Franchisor may require Franchisee's attendance at the Reunion and may require Franchisee to attend and complete such additional training programs, seminars, and meetings as Franchisor deems advisable, and Franchisee agrees to comply with all such requirements. In all cases, Franchisee shall pay all travel and living expenses.

B. **Sales Analysis and On-Going Support.** Provided Franchisee complies with the contractual reporting requirements to furnish necessary information about the Franchised Business, Franchisor shall periodically analyze Franchisee's sales, promotional efforts and financial status and furnish Franchisee with suggestions as to any improvement which Franchisor believes to be necessary and Franchisor shall provide Franchisee with such on-going advice and assistance as Franchisor deems necessary and appropriate. These services may be offered by any means Franchisor deems effective, subject to the availability of Franchisor's staff. Franchisor may, but is not required to, establish an Intranet accessible only by means of user names and passwords, in order to provide support to, and facilitate communication among, all franchisees.

C. **Promotion and Advertising.** Franchisor may maintain a web site on the Internet to advertise and promote its System and services marketed by its franchisees. Franchisor may, but is not required to, make web site space available to Franchisee. Any representations and warranties of any kind whatsoever, express or implied, regarding any web site, including representations and warranties as to the operation, functionality, lack of interruption or resources of the web site, are expressly excluded. Without limiting the foregoing, Franchisor disclaims any implied warranties of merchantability and fitness for a particular purpose as to any web site. As to any malfunctioning of any web site, Franchisor will not be liable to Franchisee for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if

Franchisee has advised Franchisor that such damages are possible as a result of any breach of warranty or malfunction. Franchisor shall develop, or shall authorize designees to develop, from time to time, promotional programs and advertising campaigns to assist Franchisee in selling and performing services in accordance with the System. In particular, Franchisor shall maintain and administer the MAP Fund as follows:

1. The MAP Fund shall consist of MAP Fee contributions and advertising or promotional monies or credits from vendors and suppliers based upon purchases by franchisees. Franchisee authorizes Franchisor to collect such advertising or promotional monies or credits from suppliers and vendors. All interest earned on monies in the MAP Fund shall be deposited into the MAP Fund.

2. Franchisor shall direct, or shall authorize its designees to direct, all promotional programs and advertising campaigns financed by the MAP Fund, and Franchisor shall retain sole discretion over the choice of advertising or marketing agencies, spokespersons, creative concepts, promotional materials, advertising campaigns, geographic placements, media placements and market allocations. Although Franchisor intends for the MAP Fund to support promotional programs and advertising campaigns which will benefit most franchisees, Franchisor is not obligated to make expenditures on behalf of or for the benefit of Franchisee which are equivalent or proportionate to Franchisee's contributions to the MAP Fund or to ensure that any particular geographic area benefits directly or pro rata from MAP Fund expenditures.

3. The MAP Fund may be used to pay any and all costs for preparing and producing video, audio, Internet and printed advertising materials; planning and conducting any online or digital brand enhancement activities, including, without limitation, all Internet and web presence activities, search engine optimization activities, pay per click campaigns, business directory and listing creation and monitoring, and all social media related activities; administering national and regional advertising programs including direct mail, point of sale and other media advertising; employing advertising and public relations agencies; supporting public relations activities; conducting, analyzing, and other activities related to market research, customer surveys, and satisfaction reports; trademark availability and usage searches, and trademark, copyright, and other intellectual property filings with state or federal government agencies; travel-related, registration, and other associated costs with respect to attendance at industry (including franchise industry), tradeshows, conventions, and events; advertising and marketing activities; and other promotions or activities intended to advance the business prospects of franchisees. The MAP Fund may be used to support any National Account program that is intended to attract National Account Customers for services that are provided by franchisees and company-owned units in the System, and that is being administered by Franchisor or any designee of Franchisor.

4. The MAP Fund shall be accounted for separately from the other funds of Franchisor and shall not be used to defray any of Franchisor's operating expenses, except for amounts which may be used to defray expenses of establishing and maintaining Franchisor's web sites and such reasonable salaries expenses and administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration of the MAP Fund and its promotional programs and advertising campaigns including, without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for the various contributions to the MAP Fund.

5. In any fiscal year, Franchisor may spend an amount greater or lesser than the aggregate receipts of the MAP Fund in that year, and the MAP Fund may borrow from Franchisor or various lenders to cover any deficits of the MAP Fund.

6. Franchisor has the right, but not the obligation, to cause the MAP Fund to be incorporated or operated through an entity separate from Franchisor, and any such successor entity shall have all the rights and duties of Franchisor under this Section 4.C.

7. There is no requirement that the Fund be audited. As soon as reasonably practicable following the end of each fiscal year, Franchisor will prepare a statement of the monies collected and costs incurred by the MAP Fund. Such statement shall be furnished to Franchisee upon written request.

8. Except as expressly provided in this Section 4.C., Franchisor assumes no direct or indirect liability or obligation to Franchisee or any of its other franchisees with respect to the maintenance, direction or administration of the MAP Fund.

Franchisee acknowledges and agrees that Franchisor may utilize photographs or other representations or data regarding Franchisee, Franchisee's employees, place of business, vehicles, job sites, work projects and other related items in any advertising or promotion deemed advisable by Franchisor without the prior notice or consent of Franchisee. Franchisee will not be due any compensation for any such use and Franchisee hereby specifically releases Franchisor from all claims, demands, damages, costs and expenses of any kind relating to or arising from the use of any such photographs or other materials.

D. **Confidentiality**. Franchisee acknowledges and agrees that Franchisor may share Franchisee's financial information, specifically, information relating to the Franchised Business, and operating performance ratings, assessments or similar data with Franchisor's franchisees and Franchisor's affiliate's franchisees and prospective franchisees (in the U.S. or elsewhere) through the use of newsletters, bulletins, award ceremonies, and otherwise as Franchisor deems necessary or advisable.

E. **Source of Supplies**. Franchisor will provide Franchisee with a schedule of required equipment, supplies and materials needed for the Franchised Business. This schedule may be amended from time to time at Franchisor's sole discretion. Any products sold by Franchisor shall be sold to Franchisee at the price and on the terms as may be specified by Franchisor from time to time. Franchisor may from time to time negotiate purchase arrangements with any supplier and may receive rebates or other material consideration from the supplier as a result of Franchisee's purchases.

F. **Franchisor's Software**. If and at the times determined by Franchisor and for so long as Franchisor elects to do so, Franchisor may license to Franchisee software, including end user instructions for operating such software, that Franchisor owns or otherwise has a right to license to Franchisee ("Franchisor's Software"), according to the terms of the applicable license agreement specified by Franchisor. Franchisee is required to use the Franchisor's Software at the times and on the terms specified by Franchisor. Franchisee must enter into the Technology Agreement, in the form prescribed by Franchisor, under which Franchisee is granted the right to use Franchisor's Software and which governs the terms and conditions under which Franchisee must purchase and use other technology. Franchisee must pay all requisite amounts included in the Technology Agreement to Franchisor or third parties, as designated.

G. **Lease Negotiations**. Franchisor may require the inclusion of certain provisions in Franchisee's lease; provided, however, Franchisor does not assume responsibility for negotiation or final content of the lease. The sole responsibility for acceptance of the terms and conditions of the lease remains with Franchisee. **Franchisor's approval of a lease or lease terms does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that Franchisor requires.**

H. **Construction Plans**. Upon written request, Franchisor will make available, at no charge to Franchisee, Franchisor's then-current designs, plans and/or specifications for the build-out of a Franchise Location. Such designs, plans and/or specifications may include interior and exterior design, layout, fixtures, furnishings and signage. Franchisee must adapt the standard plans and/or specifications for the Franchise Location, using only Franchisor's designated designer, at Franchisee's sole expense.

## 5. FRANCHISEE'S OBLIGATIONS

A. **Manner of Operation; Best Efforts; Cooperation with Franchisor; Limitation of Services**. Commencing no later than the end of the fourth month after the Effective Date, Franchisee shall

at all times operate the Franchised Business within the Territory from the approved site during customary business hours in compliance with Franchisor's System (which includes restrictions regarding operations on, or publishing operating hour for, Sundays), including all standards, policies and procedures which Franchisor may from time to time establish in Franchisor's Manuals, bulletins, notices, or otherwise in writing. Franchisee shall maintain the highest standards of quality and workmanship in its operation of the Franchised Business in accordance with the standards established by Franchisor in order to provide the highest quality service to customers of Franchisee and to preserve and enhance the value of the Marks licensed hereunder. During the term of this Agreement, Franchisee shall comply with its obligations and requirements under this Agreement and the Manuals in its operation of the Franchised Business; act in good faith; cooperate with Franchisor in accomplishing the purpose of this Agreement; not engage in any business activity which would be detrimental to or interfere with the operation, reputation or goodwill of the Franchised Business, Franchisor, Franchisor's System, or any other franchisee; and comply with Section 10.C.1. hereof. Notwithstanding the foregoing, Franchisor and Franchisee acknowledge and agree that any Competitive Business identified on Exhibit B-1 shall be considered a separate and distinct entity from the Franchise which is not subject to this Agreement and Franchisee's continued operation of such Competitive Business shall not constitute a violation of this Agreement so long as (1) the operation of such Competitive Business does not interfere with Franchisee's operation of the Franchised Business; (2) Franchisee does not utilize Franchisor's Marks, System or Confidential Information (as that term is later defined) in the operation of the Competitive Business; and (3) the Competitive Business does not directly compete with the Franchised Business by offering the same services and/or products. Franchisee is prohibited from the wholesale sale to any third party of any proprietary product or equipment which now or in the future may comprise any part of Franchisor's System. Franchisee shall not sell or dispose of any proprietary product or expendable materials to any person, except a person having an effective franchise agreement with Franchisor. During customary business hours, Franchisee shall not use a telephone answering service or an answering machine. After customary business hours, Franchisee shall use a telephone answering service acceptable to Franchisor. Unless Franchisor consents in writing, Franchisee is required to personally manage and/or exercise personal supervision over the management of the Franchised Business. If Franchisee is a corporation or other legal entity, Franchisee must designate a shareholder, partner or member as the "Operating Principal", who must be acceptable to Franchisor, and furnish all organizational and other documents regarding Franchisee's creation and structure, together with any and all modifications thereto, to Franchisor. In addition to all of the above, Franchisee must maintain at least one employee as a full-time office manager dedicated to the operation of the franchised business.

**B. Compliance with Laws, Rules and Regulations.** Franchisee shall, at all times, comply with all federal, state and local laws, codes, ordinances, rules and regulations which affect, directly or indirectly, the operation of the Franchised Business. In particular Franchisee acknowledges that Franchisee is solely responsible for obtaining a contractor's license and Franchisee shall comply with all federal, state, municipal or other local licensing requirements for the use, storage and disposal of hazardous and/or regulated products, chemicals or materials. Franchisor assumes no responsibility for Franchisee's acts or omissions in this regard. Franchisee shall obtain and keep in force all licenses, permits and certificates necessary for the full and proper operation of the Franchised Business, including, without limitation, licenses or permits to do business, assumed name registrations and sales tax permits. Franchisee shall pay promptly, as and when due, all taxes and charges lawfully assessed by any governmental authority, including, without limitation, state and federal employment and unemployment taxes, income taxes, sales taxes, payroll taxes, and all accounts and other indebtedness of every kind.

**C. Vehicle Acquisition and Maintenance.** Franchisee shall acquire and maintain, at Franchisee's sole expense, a vehicle as specified by Franchisor for use in the Franchised Business. Franchisor may specify, from time to time, the minimum number of vehicles to be operated by Franchisee based on the population of the Territory and the Gross Sales of the Franchised Business. Unless otherwise approved in writing by Franchisor, each vehicle shall be no more than four years old at the time of acquisition, in excellent condition, white in color, and shall have the Marks professionally applied prior to

the vehicle being put into service. Each vehicle shall be equipped and outfitted in accordance with Franchisor's specifications. Franchisee shall maintain the interior, exterior and mechanical parts of such vehicle in excellent repair and condition and Franchisee shall regularly service and maintain such vehicle so as to keep it clean and in good working order.

D. **Technology**. Franchisee shall acquire, install, maintain and upgrade computer hardware, software, including, but not limited to, desktops, laptops, personal digital assistants or other similar devices, and other hardware and peripherals or related items; software; and Internet access, and similar or related items, as periodically required by Franchisor during the term of the Agreement. Franchisor or its designee may be a designated supplier or the sole designated supplier for some or all of the required computer hardware, software and/or Internet service. The System, Franchisor's Software, and Franchisor's proprietary products, services, operations and training, may be periodically upgraded, improved, refined, changed, deleted or altered to address new technology, efficiency, quality control, economic or market factors. Franchisee expressly agrees to implement any such changes when necessary, within the time period specified for all franchisees and at Franchisee's sole expense, in order to maintain the uniformity and integrity of the System and to comply with all policies and procedures, and execute any required agreements, regarding use of intranet or any electronic communication, or data storage/retrieval system, website or software as Franchisor may prescribe from time to time.

Franchisee agrees to grant to Franchisor, at all times, independent and remote access to all information and financial data recorded by Franchisees computer systems and software. Franchisee acknowledges that there are no contractual limitations to Franchisor's right to access or use the information and data recorded by Franchisee's systems.

E. **Non-Cash Payment Systems**. Franchisee shall accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY, GOOGLE WALLET, etc.) that Franchisor specifies periodically to enable customers to purchase authorized products, and to acquire and install all necessary hardware and/or software used in connection with these non-cash systems. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. Franchisee is solely responsible for its own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Franchisor harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 5.E.

F. **Uniforms**. In order to present a neat and clean appearance while performing the services of the Franchised Business, Franchisee and any employee of the Franchised Business shall wear a uniform as specified in Franchisor's Manuals, bulletins, notices, or otherwise in writing; and Franchisee shall prohibit the wearing of such uniforms except during and within the scope of an employee's employment.

G. **Insurance**. Franchisee shall, at all times during the term of the Agreement and any extension thereof, procure and maintain policies of insurance as Franchisor may reasonably specify. Such policy or policies shall be written by an insurance company with an A.M. Best rating of not less than A-VII in accordance with standards and specifications set forth in the Manuals or otherwise specified in writing by Franchisor. If Franchisee fails to do so, Franchisor may, but is not required to, obtain the necessary insurance for Franchisee and keep the same in force and effect, and Franchisee shall pay Franchisor, on demand, all premiums charged for the policies of insurance. All policies purchased by Franchisee shall provide that Franchisor be given at least thirty (30) days' prior written notice of any termination, amendment, cancellation or modification thereof and shall require the insurer to defend Franchisee and Franchisor in any action based on personal injury or property damage suffered as a result

of or arising out of the operation of the Franchised Business. In addition, all Franchisee's insurance policies shall name Franchisor, its affiliates, successors, assigns, officers, directors, shareholders, partners, members, agents representatives, independent contractors and employees as additional insureds. Such policies shall also include a waiver of subrogation in favor of Franchisor, its affiliates, and respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees. Nothing contained herein shall be deemed to constitute an undertaking or representation by Franchisor that any such insurance will insure Franchisee against any or all insurable risks of loss which may or can arise out of or in connection with the operation of the Franchised Business. Before the completion of Waco Training, Franchisee shall procure the following policies:

1. comprehensive general liability insurance in the minimum amount of \$1,000,000 combined single limit to protect Franchisee against injury to property or person arising from the operation of the Franchise. This policy shall further provide that Franchisee's insurance coverage is primary to any coverage maintained by Franchisor and Franchisor must be named as a Grantor of Franchise additional insured on the policy; and

2. motor vehicle liability insurance coverage, on each owned, non-owned or hired vehicle which is operated by, or on behalf of, the Franchise, including owned, non-owned or hired vehicles, and providing protection for injury caused to person or property by such vehicles in the minimum amount of \$1,000,000 combined single limit. This policy shall further provide that Franchisee's insurance coverage is primary to any coverage maintained by Franchisor;

3. umbrella insurance with minimum limits of \$1,000,000;

4. workers' compensation with statutory limits, including employer's liability of \$500,000/\$500,000/\$500,000, alternate employer's endorsement in Franchisor's favor, and any other insurance that may be required in the state in which the Franchised Business operates. If Franchised Business operates in a monopolistic state (*i.e.*, Wyoming, North Dakota, West Virginia, Washington, and Ohio), Franchisee must also obtain stop gap coverage on the workers' compensation policy or general liability policy. Minimum limits are as follows: no less than \$500,000 per accident for bodily injury by accident; \$500,000 policy limit by disease; and \$500,000 per employee for bodily injury by disease or higher coverage as required by law;

5. data breach/cyber liability insurance with minimum limits of \$50,000; and

6. such other insurance as required by Franchisor or Franchisee's state or locality and such revised minimum standards and limits for insurance coverage and other terms (such as naming Franchisor and related parties as an additional insured) as Franchisor may set from time to time in the Manuals or by other written notice.

Franchisee shall deliver to Franchisor a certificate of insurance evidencing the insurance coverage required under this Section 5.G. both prior to the completion of Waco Training and upon each renewal of said policy or policies. In each case in which Franchisor is required to be an additional insured the endorsement for the additional insured status must be worded and have such coverage as specified by Franchisor and the additional insured endorsement may not have any exclusions or limitations not allowed by Franchisor. In any case in which umbrella policies are required the umbrella policies shall be endorsed so as to indicate that such policies provide primary coverage, without right of contribution by the Franchisor's liability insurance policies for all claims against the Franchisor arising out of the performance of the work by Franchisee.

H. **Records and Reports.** Franchisee shall install, and maintain at all times, a complete and uniform accounting system that results in financial information being prepared in accordance with generally accepted accounting principles ("GAAP") and meeting the standard operating procedures and specifications, including internal audit standards, and use of an approved chart of accounts, prescribed periodically by Franchisor. In each case in which Franchisor requires, including in connection with

Franchisee's set-up of books and records, in using the required chart of accounts and in producing annual compiled financial statements, Franchisee shall utilize the services of an independent certified public accountant specified by or satisfactory to Franchisor ("CPA"). These procedures and specifications may include, but are not limited to, all sales and cash journal sheets, bank reconciliations, payroll records, invoice logs, other financial records as required by Franchisor, and may include the use of computer hardware and software as periodically specified by Franchisor and the adoption of a fiscal year and accounting periods consistent with those used by Franchisor. Franchisee agrees to maintain complete and accurate records, accounts, books, data and reports which shall accurately reflect all particulars arising out of this Agreement. If Franchisee transacts business which is not subject to this Agreement, all records connected to such other operation shall be kept in a manner necessary to effect a clear and convenient segregation between the Franchised Business and such other business. Otherwise, any sums deposited into bank accounts for the Franchised Business are deemed to be Gross Sales of the Franchised Business. Franchisee shall deliver the following reports to Franchisor by mailing the Report or by submitting the Report electronically if Franchisor so directs:

1. by Wednesday of each week, a Report of Gross Sales for the previous week, together with copies of all invoices and payment of the greater of the Royalty Fee or any applicable Minimum Royalty Fee plus the MAP Fee;

2. within 15 days after the close of each calendar month, a monthly financial report consisting of a profit and loss statement and balance sheet for the Franchised Business as it stands at the end of such period, all in reasonable detail and in accordance with generally acceptable accounting principles and certified to be true and correct by Franchisee or Franchisee's authorized agent;

3. within 60 days after the close of each fiscal year, an income and expense statement and a balance sheet for the Franchised Business as it stands at the end of such fiscal year; all in reasonable detail and in accordance with generally accepted accounting principles, certified to be true and correct by Franchisee; and, upon demand of Franchisor, such financial statements, including a balance sheet and income statement, in such form and format, as Franchisor shall require, shall be audited by a CPA within the time period required by Franchisor, which may be less than 90 days after the close of Franchisee's fiscal year;

4. before the end of each calendar year, a copy of Franchisee's detailed business budget for the forthcoming year in reasonable detail and prepared in accordance with Franchisor's specifications as communicated to Franchisee in writing;

5. within 30 days after filing, a copy of Franchisee's federal and any state income tax returns and all amendments thereto pertaining to the operation of the Franchised Business, and a letter stating whether or not: (a) all payroll tax returns have been filed and payroll taxes paid; (b) all federal income tax returns have been filed and taxes paid; and (c) any state income and franchise tax returns have been filed and taxes paid;

6. upon demand, Franchisee shall provide to Franchisor a complete customer list of the Franchised Business, including the customer's name, address and telephone number, and Franchisee shall maintain such list in an electronic format acceptable to Franchisor, which allows for the electronic delivery of such information and Franchisee agrees such information, whether or not requested by Franchisor at any time, is and shall be the property of Franchisor; and

7. such other periodic reports, forms and records as Franchisor may reasonably specify in writing, including information from any Competitive Business as defined in Section 10.C.1. Franchisee shall make available for inspection by Franchisor, at reasonable times and during normal business hours, all original books and records that Franchisor may deem necessary to ascertain the accuracy of such periodic reports.

In addition, Franchisee shall allow such auditing, inspecting, copying of records, and similar review and inspection of Franchisee's books and records as Franchisor may require and shall cooperate with Franchisor's auditors, on a reasonable but unannounced basis, for such purposes. Franchisor may also require Franchisee to comply with such additional requirements as may be reasonably necessary in order to enable Franchisor to meet its obligations under GAAP and to comply with Financial Accounting Standards Board ("FASB") Interpretation No. 46 (revised December 2003) ("FIN 46R") and any amendments or supplements thereto.

I. **Promotion and Marketing**. Recognizing the value of promotion and marketing and the importance of standardization to the furtherance of the goodwill and public image of the System, Franchisee shall engage in local marketing and promotion of the services and products available through the Franchised Business. For the first year of the Franchised Business, the Franchisor's Draw shall be spent by Franchisor on advertising and promotional activities connected with the Franchised Business. In the second year of the Franchised Business, Franchisee shall spend an amount equal to at least five percent of annual Gross Sales. In the third year and each year thereafter, Franchisee shall spend an amount equal to at least three percent of annual Gross Sales each year thereafter, in accordance with Franchisor's Manuals, bulletins, notices, or otherwise in writing. Franchisee shall market and promote the services and products of the Franchised Business using a showroom, newspapers, magazines, home shows, press releases, radio, television, billboards, direct mail, coupon inserts and/or the Internet. This requirement is in addition to any MAP Fee required under Section 3.F. or any contribution to a Cooperative. Franchisee agrees to participate in all non-price related marketing and public relations programs instituted by the MAP Fund or a Cooperative. Franchisee shall not create, maintain or modify a web site or any other type of Internet presence containing Franchisor's name or Marks without Franchisor's prior written approval. Franchisee shall not engage in any deceptive, misleading or unethical advertising which, in the sole opinion of Franchisor, might be injurious or detrimental to Franchisor, the Marks, the System or the public. Franchisee shall submit to Franchisor all promotional and advertising materials prepared by Franchisee, whether print, electronic, audio or visual (including Yellow Pages or Internet advertising), prior to use, together with an outline of its proposed use, for Franchisor's written approval. Franchisee shall not advertise or sell any product or service not specifically authorized by this Agreement or otherwise in writing.

J. **Training, Meetings, and Reunion**. Unless otherwise approved in writing by Franchisor, Franchisee shall attend, at Franchisee's sole expense, a required "mentor" visit within 18 to 24 months of operation, Foundations Training, Waco Training, Simulation Training, the Reunion, and any other training Franchisor designates as mandatory. Franchisor also retains the right to require Franchisee to attend and complete a "refresher" training course or advanced training course if Franchisor determines that Franchisee is not current on all aspects of the System or is otherwise in need of such training.

For both the above describe, and any additional mandatory training, as well as non-mandatory training, Franchisee must pay the then-current training fee, which will not exceed \$1,500 per person per day before the training is provided. Franchisor may, but is not obligated to, offer specialty training or work in conjunction with an association to provide training that earns a certification, and when such training is offered Franchisor may charge for that training an amount to be determined by Franchisor. If Franchisor or its designees provides training on-site at the Franchised Business location (mandatory or otherwise), Franchisee shall also reimburse Franchisor for all travel expenses incurred in connection with the training, including transportation, lodging, and dining costs.

K. **Customer Service**. Franchisee shall hold itself solely responsible for the quality and results of the services performed hereunder, maintaining a continuing responsibility with respect to such services beyond the termination or expiration of this Agreement. Franchisee shall render and shall cause each of its employees to render prompt, competent and courteous service to customers and Franchisee shall offer and honor such service warranties as Franchisor directs. Franchisor's expectation is that Franchisee shall respond to any dissatisfied customer within 24 hours after the complaint is received, whenever possible. Should Franchisee be unable to equitably resolve the customer's complaint within seven days after the

initial contact, Franchisee shall contact Franchisor for assistance in handling the complaint. In no event shall Franchisor's assistance be construed to make Franchisor liable to Franchisee or to Franchisee's customer in connection with such complaint since Franchisee is solely responsible for satisfactorily resolving all warranty claims or customer disputes. Should Franchisee fail to do so, Franchisee is responsible for reimbursing Franchisor or any franchisee who does so for the reasonable cost of such services. Franchisor may contact Franchisee's customers concerning the quality of services, the level of customer satisfaction, or other aspects of the Franchised Business that Franchisor deems relevant. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for Franchisee or Franchisee's employees. Franchisee is exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging Franchisee's employees. Franchisee is exclusively responsible for labor relations with Franchisee's employees. Franchisee shall defend, indemnify and hold harmless Franchisor from and against all claims, losses, and damages arising out of or related to Franchisee's employment practices.

L. **Quality Assurance; Book & Records.** To assist Franchisor in providing Franchisee with on-going advice and assistance, and to determine whether Franchisee is complying with the terms of this Agreement and with the specifications, standards and procedures established by Franchisor for the operation of the Franchised Business, Franchisor or its authorized representative shall have the right, at any time during customary business hours, upon reasonable prior notice and without any compensation to Franchisee, to (1) examine and copy the books, records and tax returns of the Franchised Business; (2) inspect the premises of the Franchised Business and all equipment, tools, service vehicles, inventory, operating materials and supplies; (3) observe, photograph and/or videotape the operation of the Franchised Business for such consecutive or intermittent periods as Franchisor deems necessary or advisable; (4) remove samples of any products for testing and analysis; (5) interview personnel of the Franchised Business; (6) interview customers of the Franchised Business; (7) remove copies of any forms or marketing materials; and (8) inspect the records of any Competitive Business as defined in Section 10.C.1. hereof. Franchisee agrees to cooperate with Franchisor in connection with any such inspections, observations, photographing, videotaping, product removal and/or interviews and, if requested by Franchisor, Franchisee agrees to deliver evaluation forms prepared by Franchisor to customers of the Franchise. Franchisee further agrees to participate in any surveys or studies performed by Franchisor or its designee and that results or data derived from same are the property of Franchisor and may be used by Franchisor for such purposes as Franchisor elects.

M. **Audit.** From time to time, during normal business hours, Franchisor shall have the right to examine and copy, at Franchisor's expense, or to otherwise conduct an audit of the Franchised Business and Franchisee's business records for the purposes of determining Franchisee's compliance with this Agreement. If the results of Franchisor's audit show that Franchisee has underreported Gross Sales in any Report submitted to Franchisor, Franchisee shall pay to Franchisor the amount due on such understated amount (or the amount which Franchisor estimates is due on the understated amount) upon demand, plus interest from the date such amount was due until paid at the highest rate allowed by law. In addition, if Franchisee has understated Gross Sales by three percent or more, Franchisee shall reimburse Franchisor for its reasonable costs and expenses of such audit, including but not limited to, travel expenses, lodging, the regular wages of any of Franchisor's employees who may conduct such audit, accounting and legal fees and any other ordinary and necessary expenses. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

N. **Payments.** In addition to all payments to Franchisor provided for in this Agreement, Franchisee agrees to promptly pay all undisputed amounts due to suppliers of goods and services supplied to Franchisee. Franchisor reserves the right to require Franchisee to establish and maintain such credit card

issuers or sponsors, check verification services and electronic fund transfer systems as Franchisor may reasonably designate from time to time.

O. **Prohibition Against Encumbrance.** Without Franchisor's prior written consent, Franchisee shall not grant any security interest in this Agreement nor shall any ownership interest in any corporate Franchisee or the Franchised Business be pledged or encumbered. If Franchisor consents to the grant of a security interest, the secured party must agree that in the event of Franchisee's default, Franchisor shall be notified of the default and shall have the right but not the obligation to be substituted as an obligor to the secured party. In no event shall this requirement be construed to make Franchisor liable to Franchisee or to the secured party.

P. **Proprietary and Private Label Products and Supplies.** Franchisee shall purchase from Franchisor, its affiliate, or designated suppliers certain proprietary products which now comprise, or in the future may comprise, a part of Franchisor's System. Franchisor may also establish products identified by Franchisor's Marks, whether proprietary products or otherwise ("Private Label Products"). If Franchisor is the designated supplier of such proprietary products and/or Private Label Products, it will sell the products to Franchisee at the price specified by Franchisor from time to time, and Franchisee agrees to offer and sell such proprietary products and Private Label Products at or through the Franchised Business as specifically designated by Franchisor in writing.

Q. **Products, Services and Designated and Approved Suppliers.** Franchisee will offer all, and only such, products and services as have been expressly approved by Franchisor in writing and will refrain from or discontinue offering any products or services which Franchisor may, in its discretion, disapprove in writing at any time. Franchisor may add, eliminate and change authorized products and/or services, in its sole discretion, and Franchisee must comply with all directives (which may require purchasing and installing additional equipment).

Franchisee agrees to purchase from Franchisor, its affiliates, or suppliers designated by Franchisor all services, products, or materials that Franchisor identifies from time to time. Franchisor may also provide Franchisee with a list of approved suppliers from whom Franchisee may purchase certain services, products, or materials, which may include Franchisor and its affiliates. Franchisor will periodically advise Franchisee, in writing, of designated and/or approved suppliers. Specifically, but without limiting the generality of the foregoing, Franchisee shall acquire telephone service from Franchisor's designated service provider (to the extent such restriction permitted by applicable law), and Franchisee shall enter into the form of service contract and agreement designated by such service provider.

All products, supplies, services and equipment used by Franchisee in the Franchised Business shall be of such quality as required by Franchisor to assure uniform standards. Specified products, services, inventory, supplies, uniforms, tools, chemicals, equipment and other services or materials used in the operation of the Franchised Business shall be contracted for or purchased from suppliers whose services, products and workmanship demonstrate to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's specifications and standards of quality and uniformity. Franchisee may propose an unapproved supplier for Franchisor's consideration and approval, however, before Franchisor provides its consent or disapproval for Franchisee's use of the proposed supplier, Franchisor may conduct any verification and testing it deems advisable. Franchisor will not unreasonably withhold its approval of any alternate supplier, and Franchisor will use its reasonable efforts to respond to Franchisee's request for approval within 30 business days from Franchisor's receipt of Franchisee's notice. Franchisor may require that samples from alternate suppliers be delivered to Franchisor or to a designated independent testing laboratory for testing before approval is given. A charge to cover the actual cost of the test and any related cost/expense may be made by Franchisor or by an independent testing laboratory designated by Franchisor and shall be paid by Franchisee to Franchisor or the independent testing laboratory upon demand. Franchisor reserves the right to revoke its approval upon the supplier's failure to meet Franchisor's criteria. **Franchisor makes no representation concerning, and expressly disclaims any liability arising out of**

**or in connection with, the services rendered or products furnished by any supplier approved or designated by Franchisor. Franchisor's approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Franchisor.**

R. **Products, Services and Equipment Developed by Franchisee.** Franchisee is encouraged to submit suggestions to Franchisor for improving the System, which shall be considered by Franchisor when adopting or modifying the standards, specifications and procedures for the System. Franchisor has no obligation to use any suggestions or, if used, to compensate Franchisee. Franchisee agrees that if Franchisee, its employees, or Principals adopt any new concept, process, product, or improvement relating to the franchised business, Franchisee shall promptly notify Franchisor and provide franchisor with all necessary related information, as Franchisor determines in its sole discretion. Any such concept, process, product, or improvement shall become Franchisor's sole property, and Franchisor shall be the sole owner of all patents, patent applications, trademark, trademark applications, copyright, copyright applications, and other intellectual property rights related thereto. Franchisee and its Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process, product, or improvement and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and its Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process, product, or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and its Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution of patents or other intellectual property right related to any such concept, process, or improvement. In the event that the foregoing provisions of this Section 5 are found to be invalid or otherwise unenforceable, Franchisee and its Principals hereby grant Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process, product or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

S. **Franchise Location.** Franchisee must at all times operate from business premises that meet Franchisor's standards and specifications. Franchisee may, for a period of six months, operate the Franchised Business from Franchisee's home or current office location. By or before the expiration of this initial six-month period, however, Franchisee must begin operating the Franchised Business from the Franchise Location in accordance with Sections 2.A. and 6 hereof. The Franchise Location must meet all Franchisor's requirements, including any additional requirements for a retail design center, then applicable. Thereafter, Franchisee must operate the Franchise from the Franchise Location in accordance with this Agreement.

T. **Pricing.** To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may advertise, offer, and charge for products and services, and Franchisee agrees to abide by such pricing requirements. Franchisor may impose such restrictions periodically through the term of this Agreement and is in no way required to uniformly apply pricing requirements (which may include a specific geographic area, certain specific products or services, a subset of system franchisees, or other defined categories established in Franchisor's discretion). Franchisee agrees to waive any and all claims arising from or related to Franchisor's prescription or suggestion of the Franchised Business's retail prices.

U. **Social Media and Internet Listings.** Franchisee shall follow Franchisor's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with the operation of the Franchised Business and Franchisee agrees to comply with any Social Media policy Franchisor implements. Franchisor shall own all Social Media accounts used in operation of the Franchised Business and shall allow Franchisee's access and use only in strict compliance with Franchisor's rules. Franchisor reserves its right to remove Franchisee's access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, Franchisee's access to all Social Media

accounts will terminate. The term “Social Media” includes, without limitation, personal blogs; common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER, or YOUTUBE; internet listing sites such as WIKIPEDIA, GOOGLE, FOURSQUARE, and YELP; applications supported by mobile platforms such as iOS and Android; virtual worlds; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

V. **Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding the Franchised Business or any particular incident or occurrence related to the Franchised Business, without the Franchisor’s prior written approval, unless expressly specified in the Manuals.

W. **Association with Causes.** Franchisee shall not in the name of the Franchised Business: (1) donate money, products, or services to any charitable, political, religious or other organization, or (2) act in support of any such organization, without the Franchisor’s prior written approval.

X. **Technology Risk.** Franchisee acknowledges and agrees that technology is constantly changing. Technologic devices and computer systems are always being updated, improved, replaced, and discontinued. Consequently, computer systems are sometimes incompatible and are susceptible to Internet, computer system, and communication failures. By entering into this Agreement, Franchisee assumes all of the risk of all such issues and technology failures, which it acknowledges may affect its ability to order or receive products or to conduct business, and Franchisee acknowledges that Franchisor is not responsible for any damages caused by such issues or technology failures, including lost sales or profits.

## 6. **FRANCHISE LOCATION**

A. **Selection of Franchise Location.** Franchisee is required to open the Franchise Location in accordance with Section 5.S. herein. Franchisee is solely responsible for selecting the Franchise Location and obtaining the written consent of Franchisor. Franchisor is not responsible for selecting or obtaining the Franchise Location. Unless otherwise agreed in writing, Franchisor makes no representations or guarantees that a specific location can be obtained, nor does Franchisor guarantee the success of a particular Franchise Location. Final responsibility for selection of the Franchise Location will always remain with Franchisee.

B. **Construction of Franchise Location.** Once the Franchise Location has been selected, Franchisee shall completely construct and equip, at Franchisee’s expense, the Franchise Location in accordance with Franchisor’s standards and specifications as outlined in the Manuals or otherwise in writing. Before commencing construction, Franchisee shall comply with all of the following requirements, to Franchisor’s satisfaction, at Franchisee’s expense:

1. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations. Franchisee shall obtain all permits and certifications, including but not limited to architectural and engineering seals, required for the lawful construction and operation of the approved Franchise Location, and, if requested by Franchisor, shall certify in writing to Franchisor that all such permits and certifications have been obtained.

2. Franchisee shall employ a qualified licensed general contractor and / or architect to (a) prepare, if required, preliminary and final plans and specifications, including mechanical, engineering and plumbing (“MEP”) plans for construction; and (b) construct the Franchise Location and complete all improvements. Franchisee must obtain Franchisor’s written approval of such plans for Franchisee’s Franchise Location in advance and if such approval is not obtained Franchisee shall pay to Franchisor, which payment Franchisor may elect to collect via automatic bank draft, a \$2,500 construction design review fee for review of such plans and the then current travel fee (currently \$2,000) for travel associated with such review. Franchisee shall obtain and maintain in force, during the entire period of construction, Builders’ All Risks insurance in amounts, and written by carriers, satisfactory to Franchisor. Franchisor assumes no liability for the contractor chosen by Franchisee or the actual construction of the Franchise Location.

3. Franchisee shall provide to Franchisor such periodic progress reports during construction as Franchisor may require. Franchisor and its agents shall have the right to inspect the construction at all reasonable times. After final designs and/or plans have been approved, Franchisee shall complete construction, including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furnishings, fixtures, equipment, and signs in accordance with the approved final plans within 120 days thereafter (exclusive of time lost by reason of strikes, lockouts, fire, and Acts of God).

4. Franchisee shall promptly notify Franchisor of the date of completion.

C. **Use of Franchise Location.** Franchisee shall use the Franchise Location solely for the operation of the Franchise and any Competitive Business identified on Exhibit B-1; shall keep the Franchise Location open and in normal operation for such minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing (or as may be required by the lease), which includes restrictions regarding operations on, or publishing operating hours for, Sundays; and shall refrain from using or permitting the use of the Franchise Location for any other purpose or activity at any time without first obtaining the written consent of Franchisor.

D. **Maintenance of Franchise Location.** Franchisee must maintain the Franchise Location (including adjacent public areas) in orderly condition, and in good repair. Franchisee must make such additions, alterations, repairs, and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, displays, fixtures and decor as Franchisor may reasonably direct from time to time. For any material alterations, Franchisee must first obtain Franchisor's prior written consent. Franchisee must purchase and install, at Franchisee's sole expense, all fixtures, furnishings, equipment, displays, decor and signs as Franchisor may reasonably direct from time to time. Franchisee must refrain from installing or permitting to be installed on or about the Franchise Location, without Franchisor's prior written consent, any fixture, furnishings, equipment, displays, signs, or other items not approved as meeting Franchisor's specifications.

E. **Remodel of Franchise Location.** Franchisee may be required to remodel the Franchise Location upon lease renewal, or as otherwise required by Franchisee's lease or at such time as Franchisor requires. All remodel plans and the architectural and construction firm, if any, must first be approved by Franchisor, and may include, without limitation, structural changes, redecoration, design and color scheme changes, and modification to existing improvements. Franchisor will use its best efforts to work with Franchisee's landlord concerning remodeling requirements.

F. **Lease.** Franchisee shall comply with its lease and all other agreements affecting the operation of the Franchise. Franchisee shall undertake its best efforts to maintain a positive working relationship with its landlord, and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease for, the Franchise Location.

G. **Relocation.** Franchisee may relocate the Franchise to a new location within the Territory provided Franchisee complies with the following terms and conditions:

1. Franchisee is not in default of any provision of this Agreement, any other agreement with Franchisor or the lease for the former Franchise Location;

2. Franchisee is current on Franchisee's financial obligations to Franchisor, Franchisor's affiliates and all third-party creditors of the Franchise;

3. Franchisee delivers to Franchisor a current financial statement and a profit and loss statement for the Franchise's last 12 months of operation;

4. the new Franchise Location has been approved by Franchisor; and

5. the Franchise officially opens for business at the new location on the same day the Franchise officially closes at the former Franchise Location, which time period Franchisor may extend for an additional period of time for good cause.

H. **Design Center.** Within six months, Franchisee shall have acquired space (by purchase or lease) to accommodate the retail design center, which meets Franchisor's minimum criteria and which Franchisor has approved, and shall have completed construction on that portion of the space that will serve as Franchisee's office. No later than six months following the Start Date, Franchisee shall have completed construction on the retail design center portion of the space. Before Franchisee opens a retail design center, Franchisor will provide Franchisee with designs and specifications for a typical retail design center location, including equipment, fixtures and signs, upon Franchisor's receipt of Franchisee's written request. These designs must be modified at Franchisee's expense by Franchisor's designated designer to fit Franchisee's particular retail location in accordance with Franchisor's then-current standards. If Franchisee does not obtain Franchisor's written approval of the design for Franchisee's specific design center in advance, Franchisor may charge Franchisee a \$2,500 fee and an additional travel fee at Franchisor's then current rate, which is currently \$2,000, for review of Franchisee's design. If modifications are required as a result of that review, Franchisee is responsible for making those modifications. Franchisee is additionally responsible for compliance with local ordinances, building codes and permits and must construct and equip the retail design center according to Franchisor's standards and specifications outlined in the Manuals.

## 7. TRADEMARKS

A. **Franchisor's Ownership of the Marks.** Franchisee acknowledges and agrees that the Marks are the exclusive property of Franchisor and Franchisee asserts no claim and will hereafter assert no claim to the ownership thereof or to any goodwill attendant thereto. Franchisee further covenants that it will not contest Franchisor's ownership of the Marks or their validity nor will it do or permit any act or thing to be done in derogation of any of the rights of Franchisor in connection with the Marks either during the term of this Agreement or thereafter. Nothing in this Agreement shall be construed to give Franchisee any right, title or interest in or to any of the Marks except for a revocable privilege and license to display and use the Marks during the term of and pursuant to the conditions contained in this Agreement. Franchisee expressly understands and agrees that it has not acquired and will not acquire any ownership interests, equitable rights, goodwill or other interests in any Mark by virtue of this Agreement, its relationship with Franchisor, or Franchisee's use of any of the Marks, and Franchisee shall not represent that it has acquired any ownership interests, equitable rights, goodwill or other interests in any Mark. Franchisee also understands and agrees that following the expiration or termination of this Agreement for any reason, it shall not attribute any monetary amount to any goodwill associated with its use of the Marks or in connection with its operation of the Franchised Business.

B. **Modification of Marks.** If Franchisor, in its sole discretion, decides to modify or discontinue the use of any Mark and/or to adopt or use one or more additional or substituted Marks, whether in one market or region or systemwide, Franchisee shall, at its sole expense, promptly conform its use of the Marks as directed. Franchisee waives any claims arising from or relating to any such change, modification or substitution of Marks.

C. **Franchisee's Use of the Marks.** Franchisee shall use only the authorized trade name DREAMMAKER BATH & KITCHEN BY WORLDWIDE® in all advertising and public presentations, including but not limited to business cards, letterheads and invoices. Franchisee may not use the Marks or association therewith for the benefit of any business other than the Franchised Business. Franchisee acknowledges that Franchisor's prior written consent is required for the use of any of the Marks, except as granted herein. Franchisee shall permit Franchisor to conduct reasonable inspections of the Franchised Business to monitor Franchisee's use of the Marks and Franchisee shall supply Franchisor with specimens of all uses of the Marks upon Franchisor's request. Franchisee shall use the Marks and/or any trademark, service mark, trade name or combinations containing the same adopted by Franchisor strictly in accordance with this Agreement and/or other written instructions received from Franchisor, from time to time, including the form and manner and appropriate legends as may be prescribed from time to time. Franchisee agrees not to use any other trademark, service mark or trade name in combination with any of the Marks without Franchisor's prior written consent. Franchisee shall not use the Marks of Franchisor in advertising

or any other form of promotion without the appropriate copyright, trademark or service mark designation. All promotional materials or other items which bear the Marks shall be in the form, color, location and manner prescribed by Franchisor. Franchisee shall not include any of the Marks in the name of any legal entity. If a trade name or fictitious name filing with any state, county or other local authority is required, Franchisee shall register the Franchised Business as “DREAMMAKER BATH & KITCHEN BY WORLDWIDE® of (geographical designation)”.

Franchisee shall not use any of the Marks or any part or derivative thereof or any of Franchisor's copyrighted works on the Internet, unless expressly as permitted in writing. Without limiting the generality of the foregoing, Franchisee may not cause or allow all or any recognizable portion of the Marks, or terms that may suggest an affiliation with Franchisor for use or display as all or part of an e-mail address, Internet domain name, uniform resource locator (“URL”), hypertext reference (“HREF”), or meta-tag, or in connection with any Internet home page, web site, or any other Internet-related activity without Franchisor's express written consent, and then only in a manner and in accordance with the procedures, standards, and specifications that Franchisor establishes. This prohibition also includes the use or registration of the Marks, or any derivative of the Marks, as a part of any user name, account name, or in any other way that may suggest an affiliation with Franchisor or the franchise system, on any gaming, blogging, user review, video sharing, or social networking website (such as FACEBOOK, INSTAGRAM, or TWITTER), whether or not such social media platform is used for commercial gain, or as a part of any unauthorized email address. Franchisee also may not display on any website (including commercial, gaming, blogging, user review, video sharing, and social networking websites) Franchisor's copyrighted works, which include, but are in no way limited to, the design portion of its Marks and collateral merchandise identified by the Marks.

**D. Defense of the Marks.** If Franchisee learns of any claim, suit or demand against Franchisee or the Marks on account of any alleged infringement, unfair competition, or similar matter relating to the Marks, or any unauthorized use of the Marks, Franchisee shall promptly notify Franchisor, in writing. Franchisor may, but is not obligated to, take such action, if any, as Franchisor, in its sole discretion, deems necessary or appropriate. Franchisor shall have the sole right to defend, compromise or settle any such claim at Franchisor's sole cost and expense, using attorneys of its own choosing. Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any such claim and hereby irrevocably appoints Franchisor to defend or settle all of such claims, demands or suits. Franchisee may participate at its own expense in such defense or settlement, but Franchisor's decisions shall be final and binding upon Franchisee. Franchisee shall not settle or compromise any such claim without the prior written consent of Franchisor. Franchisor agrees to indemnify and hold Franchisee harmless against any claim or demand arising from Franchisee's authorized use of the Marks provided Franchisee has notified Franchisor of any claim or demand as required by this Section 7.D.

## **8. INDEPENDENT CONTRACTOR**

**A.** It is understood and agreed by and between the parties that this Agreement does not create a fiduciary relationship between Franchisee and Franchisor, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. Franchisee is not authorized to incur any debt or other obligation in Franchisor's name nor to make any contract or agreement on Franchisor's behalf.

**B.** During the term of this Agreement and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement with Franchisor. Franchisee agrees to conspicuously post notices to that effect in such locations and by such means determined reasonably necessary by Franchisor to inform the public, customers, suppliers and other third parties. Franchisor specifically reserves the right to specify the content of such notices as well as where the notices shall be posted.

## 9. INDEMNIFICATION

A. Franchisee shall be fully responsible for any damage, loss or other claims arising out of its operations hereunder, whether conducted by Franchisee or Franchisee's employees, subcontractors, agents or representatives. Franchisee agrees to indemnify, defend and hold Franchisor and its officers, directors, employees, shareholders and parent, and all other persons or entities affiliated with Franchisor, and all other franchisees of Franchisor, harmless against, and reimburse them for, all fines, suits, proceedings, claims, demands, debts, obligations, liabilities, judgments, damages or actions of any kind or nature (including, without limitation, reasonable outside and in-house accountants' fees, outside and in-house attorneys' fees and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) arising or resulting out of, or from the investigation, defense, or good faith settlement of (a) any matter connected with any act or omission by Franchisee or any of Franchisee's employees, subcontractors, agents or representatives, and (b) any matter involving claims that Franchisor is the employer, or is a joint employer with Franchisee, of any of Franchisee's employees. Franchisee's indemnification applies regardless of any fault on Franchisor's part. This indemnity shall continue in full force and effect subsequent to and notwithstanding the termination, expiration or non-renewal of this Agreement.

B. Franchisor agrees to indemnify, defend and hold Franchisee and its officers, directors, employees and shareholders, and all persons or entities affiliated with Franchisee, harmless against, and reimburse them for, all fines, suits, proceedings, claims, demands, debts, obligations, liabilities, judgments, damages or actions of any kind or nature (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur which arise from or are in connection with any intentionally wrongful acts of Franchisor. Notwithstanding the foregoing, Franchisor shall not be obligated to indemnify and hold harmless Franchisee (1) if Franchisee is not in full compliance with the terms of this Agreement (2) for losses and claims based, in whole or in part, upon or alleging: (a) negligence and/or intentional misconduct of Franchisee; or (b) breaches by Franchisee.

## 10. CONFIDENTIAL AND PROPRIETARY INFORMATION AND NONCOMPETITION

A. **Manuals.** Franchisor shall loan Franchisee one copy of Franchisor's confidential manuals (the "Manuals") containing mandatory and suggested standards, specifications, operating procedures, policies, rules and guidelines prescribed by Franchisor. Franchisee acknowledges that all Manuals are confidential and Franchisee does not acquire any right, title or interest in the Manuals. The Manuals, and the information contained in them, shall at all times remain the property of Franchisor. Franchisee shall, at all times, treat the Manuals and the information contained therein as confidential and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee acknowledges that the Manuals are confidential and will not at any time contest the confidentiality of the information in them or Franchisor's sole ownership of the Manuals or Franchisor's ownership of the information contained in the Manuals. Franchisee shall not, at any time, duplicate, copy, record or otherwise reproduce the Manuals, in whole or in part, nor otherwise make the Manuals available to any unauthorized person. Franchisee shall conduct the operation of the Franchised Business in accordance with the systems, procedures, policies, methods and requirements contained in the Manuals. Franchisor may make additions to, deletions from or revisions of the Manuals as Franchisor deems necessary, and such additions, deletions and modifications shall become part of the Manuals and shall be binding upon Franchisee immediately after Franchisee's actual or deemed receipt of such additions, deletions or modifications; provided, however, that such additions to, deletions from or revisions of the Manuals shall not alter Franchisee's status and rights under this Agreement. Franchisee shall, at all times, ensure that its copy of the Manuals is current and up to date. In the event of any dispute as to Franchisee's compliance with the provisions of the Manuals, the Manuals maintained by Franchisor at Franchisor's home office shall be controlling. Upon the expiration or other termination of this Agreement for any reason, Franchisee shall return all Manuals.

**B. The System, Confidential Information and Trade Secrets.** Franchisee acknowledges that Franchisor has developed, and may continue to develop or revise in the future, the System pertaining to the Franchised Business, and further acknowledges that the System, together with information pertaining to customers of the System, are trade secrets of Franchisor which have been developed through the research of and at the expense of Franchisor. During the term of this Agreement or any time thereafter, Franchisee shall not (except as otherwise contemplated by this Agreement) communicate, divulge or use for itself or for the benefit of any other person, persons, corporation or other entity any information, knowledge or know-how concerning the System which Franchisor designates as confidential ("Confidential Information"). Franchisee shall only divulge such Confidential Information to those employees of Franchisee who must have access to it in order to participate in the operation of the Franchised Business. When an employee's employment with Franchisee is terminated or otherwise comes to an end, Franchisee shall collect all Manuals and other Confidential Information that is in the employee's possession. When Franchisor directs, Franchisee shall also cause its employees and, if Franchisee is a corporation or other legal entity, its shareholders, officers, members, directors and partners, to sign an agreement to safeguard the Confidential Information, which agreement must be in form approved in writing, in advance by Franchisor.

**C. In-Term & Post-Term Covenants.** Franchisee acknowledges and agrees that, as between Franchisee and Franchisor, all goodwill symbolized by the Proprietary Marks belongs exclusively to Franchisor. Franchisee further acknowledges and agrees that Franchisor has a legitimate business interest in protecting its Proprietary Marks, its proprietary business format and system, and the integrity of its franchise network and the free exchange of ideas and information among its franchisees. Recognizing that all goodwill associated with the Franchised Business constitutes commercial goodwill, and not personal goodwill, and further recognizing that Franchisor would be unable to protect its trade secrets against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among its franchisees if its franchisees were permitted to hold interests in any business other than the Franchise which offers or sells any product or service or component thereof which composes a part of Franchisor's System or which competes directly or indirectly with the Franchise or Franchisor's System ("Competitive Business") and acknowledging that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information, including, without limitation, information concerning the operational and marketing methods and techniques of Franchisor and Franchisor's System, Franchisee therefore covenants and agrees that, except for any interest which Franchisee has in a Competitive Business identified on Exhibit B-1 hereof, to which Franchisor consents, Franchisee shall not, directly or indirectly, as a proprietor, partner, investor, shareholder, member, director, officer, employer, employee, principal, agent, adviser, franchisor, franchisee or in any other individual or representative capacity or otherwise:

1. during the term of this Agreement and any extensions thereof:
  - (a) engage in or participate in or derive any benefit from a Competitive Business without Franchisor's prior written consent. If Franchisor grants permission for Franchisee to engage in the operation of a Competitive Business other than as set forth above, Franchisee shall pay Franchisor a Royalty Fee in accordance with Section 3.D. herein in addition to any other sums owed to Franchisor unless specifically waived in writing by Franchisor;
  - (b) employ, seek to employ or otherwise induce any person who is employed by Franchisor or any other franchisee to leave his employment;
  - (c) interfere or attempt to interfere with any of the business relationships and/or advantages of Franchisor or any other franchisee;
  - (d) use any Confidential Information whatsoever in any manner which is or is intended to be damaging or derogatory or hinder the relationship of Franchisor with its other franchisees, customers,

suppliers or other third parties, or the relationship of any other franchisee with its customers or suppliers;  
or

(e) divert, attempt to divert, solicit, or endeavor to obtain any customer, account or business from Franchisor or any other franchisee.

2. for a period of two years immediately following the later of the expiration, termination or non-renewal of this Agreement for any reason whatsoever or the date on which Franchisee actually ceases operation of the business:

(a) engage in or participate in or derive any benefit from a Competitive Business (other than as set forth above) in the Territory without Franchisor's prior written consent. If Franchisor grants permission for Franchisee to engage in the operation of a Competitive Business in the Territory, Franchisee shall pay Franchisor a Royalty Fee in accordance with Section 3.D. herein in addition to any other sums due and owing to Franchisor;

(b) employ, seek to employ or otherwise induce any person who is employed by Franchisor or any other franchisee to leave his employment;

(c) interfere or attempt to interfere with any of the business relationships and/or advantages of Franchisor or any other franchisee;

(d) use any Confidential Information whatsoever in any manner which is or is intended to be damaging or derogatory or hinder the relationship of Franchisor with its other franchisees, customers, suppliers or other third parties, or the relationship of any other franchisee with its customers or suppliers;  
or

(e) divert or attempt to divert any customer or business from Franchisor or any other franchisee or solicit or endeavor to obtain the business of any person who shall have been a customer of Franchisee's Franchised Business.

3. Franchisor has right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.C.1 and 10.C.2, or any portion thereof, without Franchisee's consent, which reduction will become effective immediately upon delivery of written notice to Franchisee. Franchisee shall comply forthwith with any covenant as so modified. The Parties expressly agree that the existence of any claims Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants in this Section 10.C.

4. Specifically, but without limiting the generality of the foregoing, a violation of Section 10.C.2 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Specifically, but without limiting the generality of the foregoing, a violation of Section 10.C.2 will (a) enable Franchisee to capitalize on customer relationships that were built during the franchise term, (b) cause customer confusion, (c) enable Franchisee to use information learned during the franchise relationship to unfairly compete with franchisees who are operating under a valid franchise agreement with Franchisee, and (d) materially and adversely affect Franchisor's ability to relicense Franchisee's former Territory.

5. The time period described in Section 10.C.2 shall be tolled during any period of noncompliance.

D. **Liquidated Damages.** If Franchisor establishes that Franchisee has violated the material terms of this Section 10, Franchisor may, as an alternative remedy to seeking equitable relief, require that franchisee pay to Franchisor, as liquidated damages and not as a penalty, the amounts set forth in this Section 10.D. For each instance of Franchisee's breach of the confidentiality covenant in Section 10.B., or for Franchisee's breach of the covenants against competition contained in Section 10.C., Franchisee shall pay to Franchisor a lump sum equal to 104 times the sum of largest weekly Royalty Fee and largest weekly Map Fee paid by Franchisee to Franchisor during the term of this Agreement. For purposes of this Section

10.D., if Franchisee has failed and/or refused to report Gross Sales, the parties agree that Franchisor may estimate reasonable Royalty Fee and MAP Fee amounts and Franchisee shall be bound by Franchisor's estimate. Payment of such sum by Franchisee shall be due immediately upon demand. Franchisor and Franchisee agree that the liquidated damages amount established in this Section 10.D. is reasonable.

E. **Independent Covenants.** Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee agrees to be bound by a lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part hereof.

## 11. ASSIGNMENT AND TRANSFER

A. **Assignment by Franchisor.** Franchisor may assign this Agreement and all or any portion of its rights and privileges and/or duties hereunder to any other person or legal entity; provided, however, that in respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall, at the time of such assignment be economically capable, in Franchisor's reasonable judgment, of performing the obligations of Franchisor hereunder and expressly assume and agree to perform such obligations.

In addition, and without limitation to the foregoing, Franchisee expressly affirms and agree that Franchisor and/or its affiliates may sell their assets, the Marks or Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other companies, or be acquired by another company; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and System and/or the loss of association with or identification of Worldwide Refinishing Systems, Inc. as the franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location or territories of that chain's facilities or business's territories, and to operate, franchise or license those businesses and/or facilities as DREAMMAKER BATH AND KITCHEN BY WORLDWIDE® Franchised Businesses operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges may be proximate to the Franchised Business's Territory).

B. **Assignment by Franchisee.** Franchisee acknowledges and agrees that Franchisor is entering into this Agreement in reliance upon and in consideration of Franchisee's business skills, financial capacity and other necessary qualifications. Accordingly, the rights and duties created by this Agreement are personal to Franchisee and neither Franchisee's interest in this Agreement nor any of its rights or privileges hereunder nor the license, Franchised Business or any interest therein may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without the prior written consent of Franchisor, which consent shall not be unreasonably withheld provided Franchisee fully complies with the provisions herein. Any actual or intended assignment, transfer, or sale made in violation of the terms of this Section shall be null and void and shall constitute a material breach of this Agreement, constituting good cause for termination of this Agreement. In order to secure Franchisor's consent for the transfer of the Franchised Business:

1. the assignee must demonstrate the necessary skills, qualifications and economic resources necessary, in Franchisor's reasonable judgment, to operate the Franchised Business and to fulfill the obligations to Franchisee and Franchisor;

2. the assignee must expressly assume in writing all of the obligations of Franchisee under this Agreement, or at the option of Franchisor, the assignee shall execute a separate franchise agreement in the form and on the terms and conditions then being offered by Franchisor to prospective franchisees similarly situated, except that the assignee shall not be obligated to pay a Franchise Fee to Franchisor. In any case, no discounts, including reduced fees for roll-ins, or other terms of this Agreement or any other existing Agreement with Franchisee will transfer to assignee unless Franchisor agrees to those terms in writing. The execution of a new franchise agreement by an approved assignee shall be deemed to terminate this Agreement, except for the contractual obligations of Franchisee which by their very nature specifically survive the termination of this Agreement;

3. If the assignee is a business entity, then the assignee's Principals each shall sign Franchisor's standard form of Undertaking and Guaranty;

4. as of the date of an assignment, Franchisee shall have fully complied with all of its obligations to Franchisor and any parent or affiliate of Franchisor, whether under this Agreement or any other agreement or understanding with such parties, including all payment obligations;

5. Franchisee or assignee shall have furnished to Franchisor, prior to its execution, a legible copy of the contract conveying the business assets or stock of Franchisee to the assignee, pursuant to which contract assignee shall have agreed to be bound by all customer obligations of Franchisee, including all warranty work and service plans, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the transaction will not materially and adversely affect the post transfer viability of the Franchised Business;

6. Franchisee and all guarantors shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries and affiliates, and their respective officers, directors, shareholders, employees, successors and assigns, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

7. a transfer fee equal to 10% of the total gross sales price of the Franchise including all assets of the Franchised Business or the sum of \$5,000, whichever is greater, shall be paid to Franchisor. Franchisee hereby acknowledges that such sum is reasonably required to reimburse Franchisor for its expenses relating to said assignment. The transfer fee may be waived at Franchisor's sole discretion when the Franchised Business is being transferred pursuant to Section 11.C. or 11.D. or otherwise to Franchisee's immediate family members;

8. the assignee shall have satisfactorily completed the training then required of all new franchisees of Franchisor, unless such training is waived by Franchisor in writing by reason of the assignee's prior experience or training, and a training fee of \$3,500 shall be paid to Franchisor, which sum Franchisee acknowledges is reasonably required to reimburse Franchisor for its expenses relating to such training;

9. Franchisor may hold up to 10% of the sales price in escrow for a period of one year from the date of the sale or assignment or transfer for the purpose of covering any warranty claims by Franchisee's customers. The exact percentage to be held in escrow will be determined by the number of projects completed by Franchisee in the one year period preceding the sale or assignment or transfer. If there are warranty claims, the escrowed funds shall be charged at Franchisor's then-current hourly service rate (minimum of \$75 per hour), the cost of materials and supplies, plus a handling fee equal to 10% of the cost of materials and supplies, plus a \$150 administrative handling fee for each claim. At the end of the one year period, Franchisor will release the remaining escrowed funds to Franchisee. If there are no claims,

Franchisor shall deliver the escrowed funds minus a handling fee of \$250 to help defray Franchisor's expenses of administration and other costs; and

10. Except with respect to transfers under Section 11.D., Franchisee's right to transfer shall be subject to Franchisor's right of first refusal, as follows:

(a) Within 30 days following the receipt by Franchisor of written notice from Franchisee (or, if Franchisor requests additional information, within 30 days following receipt of such information), Franchisor shall either (i) consent to the proposed transfer; (ii) withhold its consent in accordance with the provisions of this Section 11.B.; or (iii) exercise its right of first refusal by purchasing the interest at the fair market value thereof as determined in good faith between Franchisee and Franchisor and failing such agreement, as determined by three appraisers, with Franchisor and Franchisee each selecting one appraiser and the two appraisers selecting the third appraiser, provided that Franchisor shall have at least 30 days to prepare for closing and the form of agreement for sale and any related agreements Franchisee shall execute at closing shall be the form prescribed by Franchisor.

(b) If Franchisor does not exercise its right of first refusal and consents to the proposed assignment, Franchisee shall be free to assign the interest to the assignee on the terms and conditions specified in the notice at any time within the 30-day period following Franchisor's consent. Should the sale not be completed within such 30-day period, or should the terms of sale materially change from the terms described in the notice, Franchisor shall again have the same right of first refusal as in the case of the initial offer.

C. **Transfer Due to Death or Incapacity.** The transfer of Franchisee's interest in this Agreement in the event of the death, legal incapacity or permanent disability of Franchisee or the Operating Principal shall require compliance with all of the provisions of Section 11.B. herein; except that such transfer shall not require payment of a transfer fee as long as the person designated by Franchisee's heirs or personal representative:

1. meets Franchisor's standards for new franchisees;
2. agrees and executes a consent to be bound by the terms and conditions of the franchise agreement then in effect between Franchisor and Franchisee; and
3. satisfactorily completes Franchisor's then-current training requirements within 120 days after the death or legal incapacity or permanent disability of Franchisee or the Operating Principal, as applicable.

D. **Transfer to Franchisee's Corporation.** If an individual Franchisee desires to assign this Agreement to a corporation or legal entity formed or controlled by Franchisee, the transfer shall require compliance with all of the provisions of Section 11.B. herein; except that such transfer shall not require payment of a transfer fee, provided:

1. Franchisee is, and covenants to remain, the owner of all or the majority of the voting interests of the legal entity or, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the legal entity as that individual had in the Franchised Business prior to the transfer of the Franchised Business;
2. all corporate documents and supporting documentation reasonably required by Franchisor are provided to Franchisor prior to the transfer;
3. Franchisee or another qualified individual is specifically designated "Operating Principal" in accordance with Section 5.A. hereof;
4. Franchisee and Principals personally guarantee the obligations to be performed under this Agreement by the assignee entity;

5. Franchisee and all guarantors, if applicable, shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries and affiliates, and their respective officers, directors, shareholders, employees, successors and assigns, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

6. Franchisor shall receive payment of \$1,500 as a transfer fee before the transfer occurs; and

7. Franchisee shall maintain the same level of investment in the Franchised Business as Franchisee had at the time of execution of this Agreement and/or as shown on the Financial Information Sheet, the terms of which are incorporated herein, or pay in full all loans due to Franchisor and its affiliates.

In the event Franchisee assigns this Agreement to a corporation or legal entity formed or controlled by Franchisee, or in which Franchisee has an interest, all obligations, including, but not limited to obligations to obtain insurance and indemnify Franchisor, shall apply the same as if such entity had originally signed this Agreement.

E. **Non-Waiver of Claims.** Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor and the assignor or assignee are parties.

## 12. DEFAULT AND TERMINATION

A. **By Franchisor, Without Notice.** Franchisee shall be deemed to be in default of this Agreement, and Franchisor may terminate the Agreement, without affording Franchisee an opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, if:

1. Franchisee becomes insolvent or makes a general assignment for the benefit of creditors or proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or a petition in bankruptcy is filed by Franchisee or if such a petition is filed and not opposed by Franchisee or Franchisee is adjudicated as bankrupt or insolvent or a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or a receiver or custodian of Franchisee's assets or property, or any part thereof, is appointed by any court;

2. a final judgment related to the Franchised Business remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed) or the Franchised Business is dissolved or execution is levied against the Franchisee or suit to foreclose any lien or mortgage against the Franchised Business or its equipment is instituted against Franchisee and not dismissed within 30 days or the real or personal property of the Franchised Business must be sold after levy thereupon by any sheriff, marshal or constable;

3. Franchisee has made any material misrepresentations to Franchisor on the application for the Franchised Business, or with respect to the ownership of the Franchised Business;

4. Franchisee abandons the Franchised Business or forfeits the right to transact business or otherwise ceases to operate the Franchised Business for seven consecutive days (excluding normal vacations and holidays) when, in Franchisor's opinion, the ability of Franchisee to resume an effective operation has been substantially impaired or operations are otherwise not likely to resume;

5. Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect upon the Franchised Business, the Marks, or the goodwill associated therewith;

6. Franchisee discloses the contents of the Manuals or other Confidential Information provided to Franchisee contrary to the terms of the Agreement;

7. Franchisee knowingly maintains false books or records, or knowingly submits a false or fraudulent Report, statement or document to Franchisor;

8. Franchisee misuses or makes any unauthorized use of the Marks or any other identifying characteristics of the System, or Franchisee otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

9. Franchisee causes or allows to exist a threat or danger to public health or safety from Franchisee's maintenance and/or operation of the Franchise;

10. Franchisee fails to provide the audited financial statements as required, including within the time required, by Section 5.H.3 herein;

11. Franchisee defaults under a promissory note with Franchisor or its affiliate or parent, excluding, specifically, defaults for nonpayment; or

12. Franchisee (a) fails on three or more separate occasions within any 12 consecutive month period to submit when due reports, records or required information to Franchisor or its affiliates or substantially comply with any one or more of the obligations of this Agreement, whether or not cured after notice and whether such failures involve the same or different requirements of this Agreement or (b) fails on two or more separate occasions within any six consecutive month period to comply with the same obligation of this Agreement, whether or not cured after notice.

**B. By Franchisor, With Notice.** Except as set forth in Section 12.A., Franchisee shall have 15 days after receipt of a written Notice of Default from Franchisor within which to remedy any default under this Agreement and provide evidence thereof to Franchisor; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the 15-day period (or within such longer period as Franchisor may, at its sole option, grant), and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the 15-day period or such longer period as applicable law may require. Franchisee shall be in default under this Agreement for failure to comply with any of the requirements imposed by the Agreement, as it may from time to time be reasonably supplemented by the Manuals, or fails to carry out the terms of this Agreement. Such defaults include, but are not limited to; if Franchisee:

1. fails, refuses, or neglects to pay promptly any monies owing to Franchisor or its parent or affiliates when due, regardless of whether such amounts are due under this Agreement, a promissory note, or otherwise, or Franchisee fails, refuses or neglects to submit the financial or other information required by Franchisor under this Agreement;

2. fails to comply with any of the standards, specifications or procedures prescribed by Franchisor in this Agreement, the Manuals, or otherwise in writing;

3. attempts to assign this Agreement and/or transfer the Franchised Business (or the controlling interest in any corporate franchisee) to a third party without the prior written consent of Franchisor as required in the Agreement, or if an assignment of the Agreement shall occur by operation of law, or by reason of judicial process;

4. or Franchisee's heirs, legatees, personal representative, conservator or guardian, as applicable, fails to dispose of Franchisee's interest in the Franchised Business following Franchisee's death or permanent disability or legal incapacity;

5. engages in a Competitive Business without obtaining Franchisor's prior written consent and paying fees, or violates the covenant against competition, or markets any service or product under a name which, in Franchisor's opinion, is confusingly similar to the Marks, or uses the Marks in an unauthorized manner;

6. fails to comply with any of the covenants or conditions contained in the Agreement or fails to obtain execution of the covenants required by the Agreement;

7. refuses to permit Franchisor to inspect the Franchised Business, or the books and records of the Franchise, in accordance with the terms of this Agreement;

8. fails to keep the records of the Franchised Business and/or a Competitive Business approved by Franchisor in a manner which permits a determination of Gross Sales;

9. fails to commence the operation of the Franchised Business within 120 days after the Effective Date of this Agreement;

10. receives an excessive amount of customer complaints and an investigation by Franchisor determines these complaints to be warranted; or

11. fails to acquire, or to continuously maintain the required minimum levels of insurance, fails to have Franchisor named as an additional insured, or fails to provide a current certificate of insurance as required under the Agreement.

C. **Notice As Required by Law.** Notwithstanding anything to the contrary contained in this Section 12, if applicable law limits Franchisor's rights to terminate or requires longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration or dispute.

D. **Liquidated Damages.** If Franchisee abandons the Franchised Business, wrongfully terminates this Agreement, or if Franchisor terminates this Agreement because of Franchisee's material default (which includes, but is in no way limited to Franchisee's failure to pay any amounts owed to Franchisor or its parent or affiliates), Franchisee will pay to Franchisor, as liquidated damages and not as a penalty, damages in an amount equal to the average weekly Royalty Fee paid by Franchisee to Franchisor during the 52-week period immediately preceding termination, multiplied by the number of weeks remaining in Franchisee's current term. For purposes of this Section 12, if Franchisee has failed and/or refused to report Gross Sales, the parties agree that Franchisor may estimate a reasonable amount of Royalty Fee and Franchisee shall be bound by Franchisor's estimate. If Franchisee has been in operation for less than 52 weeks, the average weekly Royalty Fee to be multiplied by the remaining weeks in Franchisee's current term shall be calculated as the average weekly Royalty Fee paid to Franchisor from the beginning of Franchisee's current term until the termination of this Agreement. Payment of such sum by Franchisee shall be due immediately upon demand. Franchisor and Franchisee agree that the liquidated damages amount established in this Section is reasonable.

E. **Cross-Default.** Any default under any agreement between Franchisee and Franchisor or its affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

### **13. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR NON-RENEWAL**

A. **Franchisee's Obligations.** Immediately upon termination, expiration or non-renewal of this Agreement, all rights granted to Franchisee shall terminate and Franchisee shall:

1. cease to use the System and Franchisor's methods of operation and comply with the post-termination covenants contained in Section 10;

2. cease to use the Marks or any confusingly similar name, device, mark, service mark, trademark, trade name, slogan or symbol used in connection with the Franchised Business, including any reproduction, counterfeit copy, variation, emulation or colorable imitation thereof which is likely to cause confusion or mistake or deceive the public and take any steps necessary to change the name of any entity

which Franchisee may have formed, or under which Franchisee does business, so that the name will not likely be confused with Franchisor and/or Franchisor's Marks (this includes, without limitation, a reference to Franchisee's former affiliation with Franchisor);

3. bring about a complete and effective transfer of the Franchised Business, its customers and/or customer list and services to Franchisor or its designee;

4. cease and desist from using all advertising and telephone numbers and all territory specific email addresses, domain names and comparable electronic identities which are, at the time of the demand, or have at any time been, used outside the Territory, including telephone numbers listed in any Yellow Pages or white pages telephone directory under the Marks or any other name similar to any of the Marks, and upon demand of Franchisor, direct the telephone company or service provider servicing the Franchisee to transfer all such telephone numbers, email addresses, domain names and comparable electronic identities registered to Franchisee in connection with the Franchised Business to Franchisor or its designee;

5. promptly pay all sums and debts owing to all third-party creditors of the Franchised Business as well as to Franchisor and its affiliates, whether such sums and debts owing to Franchisor are evidenced by promissory note, invoice, bill or other writing and notwithstanding the fact that such sums and debts owing to Franchisor and its affiliates may not at that time be fully due and payable, such debts being accelerated automatically without further notice to Franchisee. If Franchisee has failed and/or refused to report Gross Sales so that the Royalty Fee cannot be determined, Franchisor may calculate the missing Royalty Fee based on the greater of Franchisee's actual past performance or the Royalty Fee. If termination is for any default of Franchisee, sums owing to Franchisor shall include all damages, costs and expenses (including reasonable attorney's fees) incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the vehicles, personal property, equipment, inventory, fixtures or other assets used in the Franchised Business or any Competitive Business;

6. return to Franchisor, at Franchisee's sole expense, all materials furnished to Franchisee, including, without limitation, all Manuals, advertising material, stationery, printed forms, program and system software, including all tapes, discs, diskettes, user's guides and other instructional documentation, and all other materials relating to the operation of the Franchised Business and/or bearing the Marks (and retain no copy of the foregoing) which may be in Franchisee's possession or control, other otherwise permanently dispose of such material as directed by Franchisor and provide proof of such disposal in a manner directed by Franchisor;

7. satisfactorily address and resolve all warranty claims or customer disputes, or reimburse Franchisor for the reasonable cost of such services; and

8. refrain from doing anything, whether specified or not, that would directly or indirectly indicate that Franchisee was a former franchisee of Franchisor.

B. **Execution of Documents.** Franchisee agrees that Franchisor may execute on Franchisee's behalf any documents necessary to effect Franchisee's obligations under Section 13.A. and Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to do so.

C. **Franchisor's Rights Not Prejudiced.** The expiration or termination of this Agreement shall be without prejudice to Franchisor's rights against Franchisee and such expiration or termination shall not relieve Franchisee of any of its obligations to Franchisor existing at such time, nor will it terminate those obligations of Franchisee which by their nature specifically survive the expiration, termination or non-renewal of this Agreement.

D. **Independent Obligation to Discontinue Use of Marks, System.** Franchisee specifically acknowledges and agrees that no allegations of wrongful termination of this Agreement shall justify

continued use of the Marks, the System or any other intellectual property of Franchisor and that wrongful termination shall not be a defense to an infringement action brought by Franchisor.

## **14. DISPUTE RESOLUTION**

A. **Agreement to Use Procedure.** Franchisor and Franchisee have entered into this Agreement in the belief that it is mutually advantageous to them. It is with the same spirit of cooperation that they pledge to attempt to amicably resolve any controversy or claim arising out of or relating to this Agreement or the breach thereof, the relationship of Franchisor and Franchisee (or their respective representatives) or any transaction embodied in this Agreement or related thereto (a “Dispute”). Therefore, if a Dispute arises, the parties shall utilize the procedures described herein. If a party commences any legal action, other than as provided for in Section 14.G. hereof, without having first complied with all of the provisions of this Section 14 regarding mediation, the other party shall be entitled to a 30-day abatement of the legal action upon filing the appropriate procedural motion in the legal proceeding and bringing this provision to the attention of the court or other legal authority having jurisdiction. Notwithstanding the foregoing, Franchisee’s failure to pay Royalty Fees or any other amounts due and owing under this Agreement or any other agreement between Franchisor and Franchisee will not be considered a “Dispute” (and, therefore, are not subject to the mediation or arbitration procedures described in this Section 14, below), except that any controversy concerning Franchisee’s legal obligation to pay such amount and/or the amount due and owing will be resolved through the mediation and arbitration procedures described below.

1. **Initiation of Procedure.** Should a Dispute arise, the initiating party shall give written notice to the other party, describing the exact nature of the Dispute, its claim for relief and identifying one or more individuals with authority to resolve the Dispute on such party's behalf. The other party shall have five business days within which to designate in writing one or more individuals with authority to resolve the Dispute (“Authorized Individuals”).

2. **Direct Negotiations.** The Authorized Individuals shall be entitled to investigate the Dispute as they deem appropriate, but agree to meet promptly, and in no event later than 15 days from the date of the initiating party’s written notice, to negotiate a resolution of the Dispute. Authorized Individuals shall meet in person or by telephone at times and places as they may agree. However, if the Dispute has not been resolved within 15 days from the date of their initial meeting, the parties shall cease direct negotiations and shall submit the Dispute to mediation in accordance with the procedure described below. In mediation, each party shall be represented by persons with authority to negotiate a resolution of the Dispute.

3. **Selection of Location for Mediation.** Within five business days after the parties cease negotiations, the parties shall make a good faith effort to select a mutually convenient location for mediation. If the parties cannot timely agree on a mutually convenient location, the location shall be in Waco, McLennan County, Texas.

4. **Selection of a Mediator.** Within five business days after the parties agree upon a location for the mediation, or the location is determined pursuant to Subsection 3 hereof, the parties shall make a good faith effort to select a person to mediate the Dispute. If the parties are unable to agree on a mediator, the Central Texas Chapter of the Association of Attorney-Mediators, 2501 North Lamar, Austin, TX 78705 at 512/476-3400, or such other independent dispute resolution organization as shall be approved by Franchisor, shall be asked to supply a list of five potential qualified attorney-mediators within 10 business days. Within five business days after receipt of the list, the parties shall rank the proposed mediators in numerical order of preference, simultaneously exchange such list, and the individual receiving the highest combined ranking shall be the mediator. If such individual is not available, the parties shall proceed to contact the individual who was the next highest in ranking.

5. **Exchange of Information; Summary of Views.** The parties and the mediator shall determine a convenient date for the mediation, however, if the parties are unable to agree, the mediator

shall set the date. Both parties shall attempt in good faith to agree on procedures for the expeditious exchange of information in the possession of the other party which is desired to prepare for the mediation. Each party will deliver a concise summary of its view on the Dispute to the mediator at least seven days before the first scheduled mediation session.

6. **Conduct of Mediation.** The mediator shall determine the format for the mediation and the mediation session shall be private. The mediator shall keep confidential all information learned in private caucus with any party unless specifically authorized by such party to make disclosure of the information. The parties agree that the mediation shall be governed by such rules as the mediator shall prescribe before the first scheduled session.

7. **Termination of Procedure.** Both parties agree to participate in the mediation to its conclusion. The mediation shall be terminated by: (a) the execution of a settlement agreement; (b) a declaration by the mediator that mediation is terminated; or (c) a declaration by both parties (and not by one of the parties unilaterally) that the mediation is terminated at the conclusion of one full day's session.

8. **Fees; Disqualification; Confidentiality.** The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matters. Mediation is a compromise negotiation for purposes of Federal and Texas Rules of Evidence and constitutes privileged communication under Texas law. The entire mediation process is confidential, and any statements, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the mediation.

B. **Governing Law.** The parties agree that the execution of this Agreement and the acceptance of its terms occurred in Waco, McLennan County, Texas, and Franchisor and Franchisee further agree that the performance of certain obligations of Franchisee arising under the Agreement, including but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur in Waco, McLennan County, Texas. Accordingly, this Agreement, the rights of Franchisor and Franchisee herein and the relationship between Franchisor and Franchisee shall be governed by the internal laws of the state of Texas, without regard to its conflicts of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et seq.) and except to the extent governed by the Federal Arbitration Act (9 U.S.C., Section 1 et seq.).

#### **WAIVER OF CONSUMER RIGHTS**

**FRANCHISEE WAIVES ANY RIGHTS IT MAY HAVE UNDER THE DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, SECTION 17.41, ET SEQ., BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS.**

C. **Consent to Jurisdiction.** **FRANCHISOR AND FRANCHISEE SPECIFICALLY AGREE THAT ANY ACTION ON ANY DISPUTE SHALL BE FILED IN A FEDERAL OR STATE COURT LOCATED IN WACO, MCLENNAN COUNTY, TEXAS, AND FRANCHISEE HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND SPECIFICALLY WAIVES ANY OBJECTION IT MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS.** However, Franchisor may, at its option, seek to enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Franchisee is domiciled or the Territory is located.

**FRANCHISOR AND FRANCHISEE ACKNOWLEDGE AND AGREE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF THE UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE**

**RELATIONSHIP BETWEEN THE PARTIES. THE PARTIES FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.**

**D. No Class or Consolidated Actions. ALL CLAIMS, CONTROVERSIES AND DISPUTES MAY ONLY BE BROUGHT BY FRANCHISEE ON AN INDIVIDUAL BASIS AND MAY NOT BE CONSOLIDATED WITH ANY CLAIM, CONTROVERSY OR DISPUTE FOR OR ON BEHALF OF ANY OTHER FRANCHISEE OR BE PURSUED AS PART OF A CLASS ACTION.**

E. **Arbitration.** If the parties are not able to resolve any Dispute through the mediation process described above, and if any court of competent jurisdiction determines in a final, unappealable ruling that the waiver of jury trial in Section 15.R. below is unenforceable or otherwise not given effect, then the parties agree, notwithstanding anything to the contrary in this Agreement, that the Dispute shall be submitted to binding arbitration according to this Section 14.E. The arbitration shall be conducted through an organization experienced in the arbitration of Disputes between franchisors and franchisees and shall be designated by Franchisor, however, such organization will be independent of Franchisor. The arbitration shall be conducted by one arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the rules of the organization selected to conduct the arbitration, except that no party shall be required to accept an arbitrator to which it objects, unless that party has refused to accept ten candidates whom the other side has indicated it would accept. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below.

The place of arbitration shall be in Waco, McLennan County, Texas, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 15.K. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

In accordance with Section 14.D., the parties agree that arbitration shall be conducted on an individual, not a class wide, basis, that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 14, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity. Notwithstanding the foregoing or anything to the contrary in this Section 14 or Section 15.G., if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a Dispute that otherwise would be subject to arbitration under this Section 14.E., then all parties agree that this arbitration clause shall not apply to that Dispute and that such Dispute shall be resolved in a judicial proceeding in accordance with this Agreement (excluding this Section 14.E.)

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within 30 days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal

panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.

F. **Limitation of Claims.** FRANCHISEE SHALL COMMENCE ALL CLAIMS, CONTROVERSIES, DISPUTES, AND CAUSES OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT WITHIN TWO YEARS OF THE DATE SUCH CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION AROSE OR WITHIN SUCH SHORTER PERIOD AS PROVIDED BY ANY APPLICABLE LAW. IF FRANCHISEE DOES NOT COMMENCE ANY CLAIM, CONTROVERSY, DISPUTE, OR CAUSE OF ACTION WITHIN SUCH PERIOD, FRANCHISEE SHALL BE DEEMED TO HAVE WAIVED SUCH CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION.

G. **Emergency Relief.** During the course of any Dispute, should a situation arise relating to Franchisee's use of the Marks, the System or Franchisor's Confidential Information or trade secrets and the situation is one in which a party believes it will suffer irreparable loss or damage unless that party takes immediate action, including but not limited to a situation involving threatened or actual conduct alleged to be in violation of Section 10 of this Agreement, the party seeking relief shall be free to seek restraining orders, preliminary injunctive relief and/or other interim relief from any court of competent jurisdiction, and such actions or lawsuits shall not be considered in violation of the provisions of this Section 14.

H. **Resolution Program.** Without limiting any of the foregoing procedures, Franchisor specifically reserves the right, at any time, to create a dispute resolution program and related specifications, standards, procedures, and rules for the implementation thereof to be administered by Franchisor or its designee for the benefit of all franchisees conducting business under the System. The standards, specifications, procedures and rules for such dispute resolution program shall be made part of the Manuals and if made part of the Manuals, on either a voluntary or mandatory basis, Franchisee shall comply with all such standards, specifications, procedures and rules in seeking resolution of any Disputes with or involving Franchisor or other franchisees, if applicable, under the program. If such dispute resolution program is made mandatory, then Franchisor and Franchisee agree to submit any Disputes for resolution in accordance with such dispute resolution program prior to seeking resolution of such Disputes in the manner provided for in this Section 14. If such Dispute relates to another franchisee, Franchisee agrees to participate in the program and submit any Dispute in accordance with the program's standards, specifications, procedures and rules, prior to seeking resolution of such Dispute by any other judicial or legally available means. Franchisee hereby acknowledges and agrees that Section 14.G. above shall not be superseded or affected by this Section 14.

## 15. ADMINISTRATIVE PROVISIONS

A. **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties and may not be altered, amended or added to unless such amendment or addition is in writing and signed by an authorized officer of each party. This Agreement shall be deemed to cancel and supersede the terms of all prior written or oral agreements and understandings, if any, between Franchisor and Franchisee pertaining to this Agreement, the license, the Franchised Business and any other related matter. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document.

B. **Notices.** All notices, agreements, designations and modifications hereunder shall be in writing and shall be deemed to have been delivered three business days after being placed in the United States mail, enclosed in a certified, return receipt requested, prepaid envelope, addressed to the respective parties at the address stated on page one hereof, or to such changed address as a party may have designated by proper notice to the other party.

C. **Consent from Franchisor.** Whenever this Agreement requires Franchisor's consent, Franchisee agrees to make a timely written request for such consent. Franchisor will not unreasonably withhold its consent but its consent must be in writing to be valid.

D. **No Warranty.** EXCEPT AS SPECIFICALLY PROVIDED HEREIN, NEITHER FRANCHISOR NOR ANY AFFILIATE OF FRANCHISOR MAKES ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER. FRANCHISOR AND ALL AFFILIATES OF FRANCHISOR EXPRESSLY DISCLAIM THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FRANCHISOR SPECIFICALLY MAKES NO WARRANTIES AND DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY RELATING TO ANY SOFTWARE, COMPUTER PROGRAM, DATA, INTRANET, WEBSITE OR OTHER RELATED ITEMS PROVIDED OR RECOMMENDED BY FRANCHISOR.

E. **Performance.** Any and all payments by Franchisee to Franchisor under this Agreement shall be made at Franchisor's place of business in Waco, McLennan County, Texas.

F. **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original; and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

G. **Severability.** Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Except as otherwise set forth in this Agreement (including, without limitation, Section 14.E.), whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law. Except as otherwise set forth in this Agreement (including, without limitation, Section 14.E.), in the event that any part of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable for any reason, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect as if this Agreement had been executed with the invalid portion thereof eliminated; and it is hereby declared the intention of Franchisor and Franchisee that they would have executed the remaining portion of this Agreement without including therein any such part which may be hereafter declared invalid or otherwise unenforceable for any reason.

H. **Waiver and Delay.** The acceptance by Franchisor of any payment specified to be paid by Franchisee with knowledge of a breach of any covenant or agreement hereof shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement. The failure or delay to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement. The waiver or remedy of any default or breach hereunder shall not waive or affect the default remedied or any prior or subsequent default. However, either party may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party. The waiver of reduction may be revoked at any time for any reason on 10 days' written notice. All rights and remedies herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law, and said rights and remedies may be exercised concurrently.

I. **Construction and Interpretation.** Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The section headings used herein are descriptive only and shall have no legal force or effect whatsoever. The term "immediate family" as used in this Agreement means a person's spouse, parents, siblings, or natural or adopted children and does not include any other family member. The term "transfer" as used in the Agreement shall mean and

include the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by Franchisee (or any of Franchisee's Principals) of any interest in or the grant of any security interest in this Agreement, the Franchise, Franchisee or some or all of the assets of the Franchise. As used herein, a sale, assignment or transfer shall specifically include, but not be limited to, the transfer of ownership of shares or a partnership interest; merger or consolidation or issuance of additional securities representing an ownership interest; any sale of voting shares of Franchisee or any security convertible to voting shares of Franchisee or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an ownership interest; and transfer in a divorce, insolvency, corporate or partnership dissolution proceeding or, in the event of the death of Franchisee or a Principal, by will, intestate succession or otherwise by operation of law. In the case of any notice or other item required herein to be provided by Franchisor "in writing" Franchisor's communication of such item or notice in electronic form shall satisfy the requirement of "writing."

J. **Savings Clause.** If any term hereof may be construed to obligate Franchisee to pay interest in excess of the highest legal amount, it is agreed that such term is a mistake and, notwithstanding same, it is agreed that neither Franchisee nor any other person or entity obligated for the payment of any sums hereunder shall ever be obligated to pay interest in excess of the highest lawful amount. Franchisor intends to conform strictly to usury laws now and hereafter in effect and in no event shall Franchisor charge or collect, directly or indirectly, an amount for the use, forbearance or detention of money hereunder in excess of the highest lawful rate of interest, any excess of payments to be spread first over the term of the obligation and then, if any excess remains, to be applied next to reduction of the unpaid balance of the principal and then, after such unpaid balance is reduced to zero, any remaining excess shall be rebated to Franchisee. If the maturity of any indebtedness hereunder is accelerated before the due date, any unearned interest in excess of the maximum permitted by law shall be canceled as of the date of such acceleration and if paid, shall be credited against the principal amount.

K. **Reimbursement of Legal Fees.** If a Dispute occurs or an action in arbitration, law or equity arises between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees (including outside counsel and in-house legal fees/costs), court costs and expenses incurred by the other party in the action.

L. **Acknowledgments.** Franchisee acknowledges and agrees that Franchisor and its subsidiaries and affiliates have certain rights reserved to them to grant licenses and rights to others, which may or may not be similar to the license and rights conveyed hereunder; to market Franchisor-approved products; and to otherwise use Franchisor's Marks and System as set forth in this Agreement. Franchisee acknowledges that, prior to the execution of this Agreement, Franchisee has had the opportunity to contact existing franchisees of Franchisor. Franchisee further acknowledges that Franchisee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder and the terms and provisions of the Agreement itself, utilizing the services of such independent attorneys, accountants, or other advisers as Franchisee so elects. Franchisee acknowledges that no representation, statement, warranty or guaranty, express or implied, has been made by Franchisor or any employee, agent or salesperson thereof and relied upon by Franchisee regarding the quality of the software, advertising, support, or operating system of Franchisor, the future growth of Franchisor's System, the anticipated or potential income, volume, profit, earnings, likely success or growth of Franchisee, the viability of the business opportunity conveyed or any other matter, except as specifically set forth in Franchisor's franchise disclosure document of which this Agreement is a part. Franchisee acknowledges that it has read the Agreement and that it accepts and agrees to all of the provisions, covenants and conditions thereof.

M. **Submission of Agreement.** Submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the Effective Date. This Agreement, when fully executed, shall supersede all prior existing agreements between Franchisor and Franchisee concerning the subject matter of this Agreement.

N. **Force Majeure.** Neither party shall be under any liability to the other in any way whatsoever for destruction, damage or delay arising out of circumstances beyond its reasonable control, including but not limited to, war, acts of terrorism, rebellion, civil commotion, strikes, lock-outs and industrial disputes, fire, theft, explosion, earthquake, act of God, flood, drought or bad weather. Notwithstanding the foregoing, each party shall use all reasonable endeavors to continue to perform, or resume performance of, all contractual obligations in this Agreement.

O. **Limitation of Liability.** THE LIABILITY OF FRANCHISOR, AND ALL AFFILIATES OF FRANCHISOR, TO FRANCHISEE, INCLUDING ANY POTENTIAL LIABILITY FOR PROVIDING, RECOMMENDING OR REQUIRING THE USE OF ANY SOFTWARE, INTRANET, WEBSITE, OR ANY OTHER ITEMS, WILL BE LIMITED TO DIRECT DAMAGES. IN NO EVENT WILL FRANCHISOR OR ITS AFFILIATES BE LIABLE FOR INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF FRANCHISOR OR ITS AFFILIATES HAD PREVIOUSLY BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

P. **No Third Party Beneficiaries.** Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Q. **Waiver of Punitive Damages.** THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

R. **Waiver of Jury Trial.** THE PARTIES, FULLY AWARE OF THEIR CONSTITUTIONAL RIGHT TO TRIAL BY JURY AND HAVING HAD FULL OPPORTUNITY TO CONSULT WITH COUNSEL AND OTHERWISE EVALUATE WHETHER TO WAIVE THAT RIGHT, HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY.

S. **Electronic Form of Written Material.** In the case of any notice or other item required herein to be provided by Franchisor “in writing” Franchisor’s communication of such item or notice in electronic form shall satisfy the requirement of “writing.” Electronic form of notice, by itself, from Franchisee to Franchisor shall not satisfy any requirement of Franchisee to provide any notice or other item “in writing” unless Franchisor has granted prior consent in writing to provide such material in electronic form.

T. **Cooperation; Release and Other Agreements.** Franchisee shall execute such other or further agreements, documents or instruments that may be necessary to carry out the intent of this Agreement. In the event of a renewal, transfer, purchase of additional territory, or an amendment or change to this Agreement requested by Franchisee, Franchisee shall execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries and affiliates, and their respective officers, directors, shareholders, employees, successors and assigns, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

U. **Consent for Franchisor to Obtain Credit Reporting and Other Information.** In connection with this Franchise Agreement and any agreements related to it, Franchisee hereby consents to Franchisor or its agents obtaining or exchanging any personal information about Franchisee from financial institutions, credit bureaus, credit reporting agencies and also from any other third parties identified by Franchisor in its policies and procedures, for the purpose of verifying the information Franchisee provided as part of the application process or to obtain other information which Franchisor considers necessary to decide whether to grant a franchise, additional territory or an extension of credit, or to make other decisions

with respect to the franchise, including any employment history, relevant criminal convictions, education, and credit information.

V. **Business Judgment.** Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: (1) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may effect favorably or adversely Franchisee's interests; (2) Franchisor will use its business judgment in exercising such discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests, promotion and benefit of the System and franchised businesses generally (including Franchisor, and its affiliates and other franchisees), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and franchised businesses generally include, without limitation, enhancing the value of the Marks and/or the DREAMMAKER BATH & KITCHEN BY WORLDWIDE brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (3) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner; and (4) even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FRANCHISEE:

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ in Waco, Texas.

FRANCHISOR:

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

BY: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**EXHIBIT A TO FRANCHISE AGREEMENT**  
**UNDERTAKING AND GUARANTY**

Each of the undersigned acknowledges and agrees as follows:

- (1) Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Undertaking and Guaranty and the undertakings of the Principals in the Franchise Agreement are in partial consideration for, and a condition to the granting of the rights under the Franchise Agreement, and that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings by each of the undersigned;
- (2) Each is included in the term "Principal";
- (3) Each individually, jointly and severally, makes, accepts and agrees to all of the provisions, covenants, conditions, representations, warranties and agreements set forth in the Agreement and is obligated to perform thereunder (including, without limitation, those regarding compliance with the Franchise Agreement, the use of confidential information in Section 10, the covenants in Section 10, transfer provisions in Section 11, the choice of law and venue provisions in Section 14, and indemnification obligations in Section 9);
- (4) Each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed. Upon default by Franchisee or upon written notice from Franchisor, each will make each payment and perform each obligation of Franchisee under the Agreement. Without affecting the obligations of any Principal under this Undertaking and Guaranty, Franchisor may, without notice to any Principal, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the franchisee or settle, adjust, or compromise any claims that Franchisor may have against the Franchisee. Each Principal waives all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Franchisee, any default by the Franchisee or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Franchisee. Franchisor may pursue its rights against any Principal without first exhausting its remedies against the Franchisee and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon receipt by Franchisor or notice of the death of any Principal, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in that event, the obligations of the Principals who survive such death will continue in full force and effect;
- (5) Each also acknowledges and agrees that, without their notice or consent, Franchisee and Franchisor may at any time or times enter into extensions, renewals, amendments, assignments, or other covenants with respect to the Franchise Agreement as they may deem appropriate, and Principals shall not be released thereby, but shall continue to be fully liable for the payments and performance of all liabilities, obligations, and duties of Franchisee under this Franchise Agreement as so extended, renewed, amended, assigned, or otherwise modified;
- (6) Each also agrees to be bound individually to all of the provisions of the Franchise Agreement including, without limitation, the mediation, litigation, arbitration and other dispute resolution provisions set forth in Section 14 and 15, and each irrevocably submits to the jurisdiction of the federal or state courts situated in McLennan County, Texas;
- (7) Each hereby waives **(a)** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available

to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and **(b)** California Civil Code Sections 2899 and 3433; and

**(8) EACH WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

IN WITNESS WHEREOF, each of the parties hereto, intending to be legally bound, has caused this Undertaking and Guaranty to be executed on the date set forth below.

**THE PRINCIPALS**

\_\_\_\_\_  
Signature  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Signature  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Signature  
Printed Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B-1 TO FRANCHISE AGREEMENT**  
**TERRITORY DESCRIPTION AND FRANCHISE FEE**

1. Territory Description (Section 2.A.1.):
  
2. Initial Franchise Fee (Section 3.A.):
  
3. Initial Advertising and Promotional Deposit (Section 3.C):

Of which \$ \_\_\_\_\_ is the Franchisor's Draw

4. Name of Competitive Business (Section 10.C.):
  
5. Services Performed By Competitive Business:

**EXHIBIT B-2 TO FRANCHISE AGREEMENT**  
**DOMAIN NAME LICENSE AGREEMENT**

\_\_\_\_\_  
("Domain Name")

This DOMAIN NAME LICENSE AGREEMENT ("Agreement") is made pursuant to the terms of the Franchise Agreement dated \_\_\_\_\_ ("Franchise Agreement") by and between DREAMMAKER BATH & KITCHEN BY WORLDWIDE ("Franchisor") and \_\_\_\_\_ ("Franchisee"), authorizing Franchisee to use Franchisor's Marks and System in the operation of a bathroom and kitchen remodeling and related services business (the "Franchise") in and for the Territory.

For valuable consideration, Franchisor hereby licenses to Franchisee, in accordance with the terms and conditions of this Agreement, the Domain Name for use in connection with the Franchise.

1. License. Franchisee shall use the Domain Name and all website content associated with the Domain Name only in connection with the operation and promotion of the Franchise. Franchisee has no right to sublicense use of the Domain Name.
2. Term. Unless earlier terminated or suspended in accordance with paragraph 6, the license granted by this Agreement is coterminous with the Franchise Agreement, and shall automatically terminate upon the termination or expiration of the Franchise Agreement.
3. Nontransferable. The license granted by this Agreement is nontransferable and non-assignable without the prior written consent of Franchisor, which Franchisor may grant or withhold in its sole discretion.
4. Ownership of Domain Name and Website Content. Franchisee acknowledges that Franchisor owns the Domain Name and all website content associated with the Domain Name. Nothing in this Agreement shall give Franchisee any right, title or interest in or to the Domain Name or the website content associated with the Domain Name, other than the right to use it in accordance with this Agreement. Franchisee shall take no action inconsistent with Franchisor's ownership of the Domain Name or any website content associated with the Domain Name, or assist any third party in attempting to claim adversely to Franchisor, with regard to such ownership. Without limiting the generality of the foregoing, Franchisee specifically agrees that it will not (a) challenge Franchisor's ownership of the Domain Name or any website content associated with the Domain Name; or (b) challenge the validity of this Agreement or any term or condition of the license granted herein.
5. Use of Domain Name. Franchisee undertakes that its use of the Domain Name and all website content associated with the Domain Name under this Agreement (a) will comply in all material respects with the applicable registry's terms and conditions in force, as they may exist from time to time; (b) will not breach any applicable law, statute, regulation or legally binding code; (c) will not infringe the legal rights of any person in any jurisdiction; (d) will be used only to publish content about the Franchise; (e) will not breach any provision of the Franchise Agreement; and (f) will comply at all times with Franchisor's policies, standards and specifications, as they exist from time to time.
6. Termination and other Remedies. Franchisor, at its sole election and option, may terminate or suspend the license granted by this Agreement during any period that Franchisee is in breach of this Agreement, the Franchise Agreement, or any other agreement between Franchisee and Franchisor or its affiliates. Upon termination or during such suspension, Franchisor may prohibit or restrict Franchisee's access to the website content associated with the Domain Name.
7. Expiration or Termination. Upon expiration or termination of this Agreement, all rights to use the Domain Name shall revert automatically to Franchisor. Franchisor may take all actions necessary to retain control over of the Domain Name including, without limitation, denying Licensee's access to the website content associated with the Domain Name.

8. No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein.

9. Indemnification. Franchisee shall defend, indemnify and hold harmless Franchisor and its directors, shareholders, managers, members, employees and agents from any and all claims, demands, action, proceeding, or cause of action, for damage or injury to persons or property, arising out of or connected to Franchisee's use of the Domain Name.

10. Construction, Choice of Law, and Forum Selection. Capitalized terms not defined in this Agreement shall have the definition given to them in the Franchise Agreement. This Agreement shall be governed by the choice of law and forum selection provisions contained in the Franchise Agreement, the terms of which are incorporated by reference.

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

**FRANCHISOR**

DREAMMAKER BATH & KITCHEN  
BY WORLDWIDE  
a Texas corporation

By: \_\_\_\_\_  
Douglas A. Dwyer, President and CSO

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

**FRANCHISEE**

\_\_\_\_\_  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B-3 TO FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AGREEMENT**

This CONFIDENTIALITY AGREEMENT is entered into by and among Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE**, having a principal place of business at 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 (“Franchisor”); \_\_\_\_\_, individually (“Franchisee”); and \_\_\_\_\_, individually (“Spouse”).

WHEREAS, Franchisor intends to enter into a Franchise Agreement (the “Franchise Agreement”) pursuant to which Franchisor will grant Franchisee (or a legal entity owned and/or controlled by Franchisee) a license to use Franchisor’s trademarks, services marks, logos and other indicia of origin (the “Marks”) and Franchisor’s methods of operation (the “System”) in connection with the operation of a remodeling and related services business (the “Franchise”) in and for a geographical area described in the Franchise Agreement; and

WHEREAS, Franchisor has undertaken, at considerable effort and expense, to create the System which will be revealed to Franchisee pursuant to the Franchise Agreement and Spouse does not intend to hold an ownership interest in the Franchise and will not be actively involved in the operation of the Franchise but through association with Franchisee, will be exposed to and learn many procedures, techniques and other matters which are identified and treated by Franchisor as confidential, proprietary or trade secret, including, without limitation, information regarding the operational, sales, and marketing methods and techniques of Franchisor, which are beyond Spouse’s skills and experience (“Confidential Information”).

NOW, THEREFORE, the parties agree as follows:

1. Acknowledgement of Confidentiality Obligation. Spouse acknowledges that through association with Franchisee, Spouse will receive valuable Confidential Information which provides a competitive advantage in the development of the Franchise. Spouse acknowledges and agrees that the Confidential Information and any Manuals are confidential or proprietary in nature and contain trade secrets belonging to Franchisor and that all such tangible evidence of Confidential Information is a property right of great value to Franchisor. Spouse hereby agrees to be bound by the provisions of the Franchise Agreement related to confidentiality and protection of trade secrets, including but not limited to Sections 10.B. and 10.C. of the Franchise Agreement, the same as if a party to the Franchise Agreement.

2. Non-Use. Spouse agrees not to use Confidential Information without prior written approval from Franchisor and Spouse shall not divert or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise, or do or perform any other act injurious to the goodwill associated with the Marks and the System.

3. Non-Disclosure. Spouse agrees not to disclose, communicate or divulge any Confidential Information for Spouse’s benefit or for the benefit of any other third party, including, without limitation, a competitor of the Franchise, without prior written approval from Franchisor.

4. Exclusions. Confidential Information does not include and this Agreement does not apply to (a) information that is previously known by Spouse, (b) information that is or becomes part of the public domain other than through a wrongful act of Spouse, (c) information that is independently developed by Spouse, (d) information that is otherwise in the hands of Spouse by a means other than breach of this Agreement, or (e) information that is sought pursuant to a subpoena or written discovery (“Process”) provided that Franchisor shall be immediately notified of the receipt of the Process, whereupon Franchisor has the right to request that Franchisee and/or Spouse delete the Confidential Information from the scope thereof, and if Franchisee or Spouse refuses, then Franchisor may seek any and all available remedies, including, without limitation, commencing proceedings to enjoin the disclosure of Confidential Information

or intervening impending proceedings to seek the entry of protective orders or other appropriate relief. Nothing in this Agreement shall be construed to interfere with a party's obligations to comply with lawful court orders; however, no disclosure of Confidential Information by a party pursuant thereto shall be deemed to place the Confidential Information in the public domain or to relieve the party from the future performance of all its confidentiality obligations under this Agreement, absent express orders of the court to the contrary.

5. Covenant Not to Compete. Except as otherwise approved in writing by Franchisor, during the term of the Franchise Agreement and for a period of two (2) years, commencing with the earlier of the termination of the Franchise Agreement or the date on which Spouse ceases to be married to Franchisee (or the individual who is the principal of a legal entity identified as Franchisee), which period shall be extended by any period of non-compliance, Spouse shall not, directly or indirectly, through, on behalf of, or in conjunction with, any other person, partnership, or legal entity, own, maintain, operate, or engage or participate in, or have any financial interest, either as an officer, agent, employee, principal, partner, director, shareholder or any other individual or representative capacity, in any corporation, partnership or legal entity which engages in any business which is the same or similar to the Franchise, or is otherwise in competition with the business of Franchisor or Franchisor's franchisees, which engages in the distribution of similar products, services and equipment within the geographical area specified in Exhibit B-1 of the Franchise Agreement. Spouse further agrees that upon Franchisor's request Spouse shall make his/her personal and business records available for inspection by Franchisor to determine Spouse's compliance this provision.

6. Choice of Law and Jurisdiction. This Agreement shall be governed by the internal laws of the State of Texas. The parties agree that any litigation or legal action to enforce or relating to this Agreement shall be filed in Waco, McLennan County, Texas. The parties hereby consent to the jurisdiction of such Courts and further agree to waive any rights or objections to the jurisdiction or venue of any such actions when filed in such Courts.

7. Legal Fees and Costs. Any unauthorized disclosure following execution of this Agreement may be cause for suit for injunctive relief and damages. If a party breaches this Agreement, the defaulting party shall pay reasonable attorney's fees and other costs incurred by the other party in enforcing the provisions of this Agreement. If any legal proceeding is commenced to enforce or interpret any provision of this Agreement, the prevailing party will be entitled to recover reasonable attorney's fees and all costs and disbursements allowed by law.

8. Entire Agreement. This Agreement sets forth the entire understanding of the parties and cannot be changed except by written instrument signed by all parties. There are no representations of any kind except as contained herein. This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, successors, and assigns.

\_\_\_\_\_  
Franchisee Signature

\_\_\_\_\_  
Spouse Signature

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**  
WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**EXHIBIT B-4 TO FRANCHISE AGREEMENT**  
**TECHNOLOGY AGREEMENT**

This Technology Agreement (“TA”) is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with an address of 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 (“Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, having an address of \_\_\_\_\_ and its Guarantors \_\_\_\_\_, individually, having an address of \_\_\_\_\_ and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ (collectively, “Franchisee”), and is effective as of the date accepted by Franchisor below.

The parties agree as follows:

The parties have entered into or, contemporaneously with the execution of this TA, the parties are entering into, a franchise agreement (“Franchise Agreement”) pursuant to which Franchisor is granting to Franchisee the right to operate a DREAMMAKER BATH & KITCHEN BY WORLDWIDE® franchise and Franchisee agrees to undertake the obligations of a DREAMMAKER BATH & KITCHEN BY WORLDWIDE® franchisee. One of Franchisee’s obligations under the Franchise Agreement is to purchase, install, maintain and upgrade such computer hardware, software, software templates, spreadsheets, and Internet or intranet access as Franchisor may require.

Franchisee is required to use all computer software required by Franchisor from time to time, and may use such additional computer software as Franchisor may permit in writing from time to time. Appendix C reflects Franchisor’s computer hardware specifications as of the date of this Agreement.

**1. Definitions**

1.1. “**Confidential Information**” means all trade secrets, materials, information, data, knowledge, techniques and know-how designated or treated by us as confidential and includes any and all Manuals, computer software or programs including company intranet/DreamConnect, training materials, operational videos, marketing programs, franchise rosters, franchisee lists, and any other materials designated or treated by us as confidential.

1.2. “**Content**” means information, software, and data, including without limitation, any personal data or information, hypertext markup language files, scripts, programs, recordings, sound, music, graphics, images, applets, or servlets that are created, provided, uploaded, or transferred by Franchisee or any user authorized by Franchisee.

1.3. “**Customized Management Software**” means Franchisor’s Software which provides and combines contact management, sales and lead tracking management, job estimating and proposal generation, and which produces take off list for production and any interfaces, electronic or manual, with our required accounting software.

1.4. “**Documentation**” means the standard end user instructions for operating Franchisor’s Software.

1.5. “**Financial System**” means financial related Franchisor’s Software which includes a custom template designed for franchisees to work with a currently-supported release of QuickBooks Enterprise Solutions by Intuit and customized for use in Franchisor’s franchise system and which may include or be substituted by additional components or programs.

1.6. “**Franchisor’s Software**” means current and future software and Documentation that Franchisor owns or otherwise has a right to license to its Franchisees.

1.7 “**Maintenance**” means all Updates and Upgrades that provide modifications, enhancements, corrections, or new Minor version (e.g., upgrading from Ver. 2.1 to Ver. 2.2) to Franchisor’s Software.

Maintenance does not include any hardware maintenance. Maintenance does not include any new Major version that may be required (e.g., upgrading from Ver. 2.2 to Ver. 3.0).

1.8. “**Minor Version**” means all Upgrades denoted by the numerals after the first decimal of the software version number (e.g., upgrade from Ver. 2.2 to Ver. 2.3).

1.9. “**Major Version**” means all Upgrades denoted by the first numeral of the software version number (e.g., upgrade from Ver. 2.2 to 3.0).

1.10. “**Support**” means all assistance, installation, training, and consultation provided by Franchisor or its designee that prevents or resolves Franchisee’s technology related issues.

1.11. “**Third Party Software**” means software that is proprietary to third parties

1.12. “**Update**” means the release of error corrections, bug fixes, intermediate releases to maintain conformity with industry standards, and software deliveries not containing increases in functionality.

1.13. “**Upgrade**” means a new release or version of Franchisor’s Software provided to Franchisees.

## 2. **License**

2.1. **License Grant.** Franchisor grants to Franchisee a personal, limited, non-assignable, non-transferrable, non-exclusive license to use the machine readable object code form of Franchisor’s Software (as required under Appendix A) during the Term solely for Franchisee’s internal needs in the operation of Franchisee’s business as a franchisee of Franchisor and will not directly or indirectly permit third-parties to use Franchisor’s Software except to the extent and in the manner permitted under Section 2.2.(a) and (f) below.

### 2.2. **License Restrictions**

(a). **Limited Right to Copy.** Franchisee must not copy or allow copies of the Franchisor’s Software, except to the extent necessary to exercise the use granted under this TA and for back-up purposes.

(b). **No Customization.** Franchisor prohibits Franchisee from customizing or authorizing customizations of Franchisor’s Software; provided however, Franchisee may request Franchisor’s permission to customize Franchisor’s Software if Franchisee (i) obtains Franchisor’s prior written approval of any vendor to be engaged to work on such customization, and such vendor meets all of Franchisor’s training and other requirements, and obtain a written undertaking from such vendor that vendor will be responsible to send such customized items to Franchisor; (ii) obtains Franchisor’s prior written consent to the specific customization to be developed and such terms of the work as Franchisor deems necessary or desirable; (iii) ensures that all work will be performed solely at the expense of Franchisee; (iv) ensures that any customization does not interfere with the benchmarking of aggregated data from all of Franchisor’s system franchisees; (v) agrees that Franchisor owns all rights and title to such customizations; and (vi) the Franchisor-specified vendor will have agreed in writing, and will be responsible, to send such customized or modified items to Franchisor. In addition, Franchisee hereby releases Franchisor from any and all liability with respect to any errors, damages or costs that arise from or result in any way from such customization.

(c). **No Reverse Engineering or Modifications.** Franchisee must not itself, or authorize any third party to, reverse engineer, decompile or disassemble, change, modify or create derivative works from Franchisor’s Software.

(d). **Ownership.** Franchisee has no ownership rights in Franchisor’s Software.

(e). **Other Rights.** Franchisee has no other rights in Franchisor’s Software except those rights expressly granted by this TA.

(f). **Third-Party Access.** Franchisee must not make Franchisor's Software available to any third-party unless required by Franchisor at its sole discretion.

(g). **Updating to Current Versions.** Franchisee must only use current versions of Franchisor's Software; provided however, Franchisee may use prior versions if prior versions are necessary to support the current versions. Current version may include an Upgrade to a Major Version requiring an additional fee after the effective date of this TA.

(h). **Prior Versions.** Franchisee will immediately return, without retaining any copies, any prior version of Franchisor's Software not being used by Franchisee or discontinue its use, if so instructed by Franchisor, upon notice by Franchisor.

### 3. Termination

3.1. **Term.** Except as otherwise expressly set forth below, the parties intend that the term of the license granted hereby will be coextensive with the term of the Franchise Agreement and all renewals and extensions thereof.

3.2. **Automatic Termination.** The license granted hereby will terminate automatically upon the expiration, nonrenewal or termination of the Franchise Agreement.

3.3 **Termination by Franchisor.** Franchisor may terminate the license(s) or any right to use granted hereby upon notice to Franchisee with immediate effect in the event that (i) Franchisee materially breaches any of its obligations under this Agreement or under the Franchise Agreement, or (ii) Franchisor requires Franchisee to cease using Franchisor's Software, or any or all portions of it, as specified by Franchisor.

3.4. **Disabling Franchisee's Access.** Franchisee understands that Franchisor may include a function in Franchisor's Software that will cause the Franchisor's Software to automatically cease to operate in whole or in part in the event that Franchisee materially breaches this TA, the Franchise Agreement or fails in a timely manner to (i) submit to Franchisor the reports required by Franchisor; (ii) pay to Franchisor the required monthly Maintenance and Support Fee; or (iii) pay to Franchisor the Royalty Fee or any other amounts due to Franchisor under the Franchise Agreement. Franchisor will not be liable to Franchisee for any damages whatsoever that may result directly or indirectly from Franchisor's disabling of the functionality of Franchisor's Software pursuant to this Section.

3.5. **Disposition of Copies.** Upon termination of the license granted hereby Franchisee must promptly return to Franchisor, or otherwise dispose of as Franchisor may instruct, all physical copies of Franchisor's Software in Franchisee's possession or under Franchisee's control and must remove all copies thereof from Franchisee's computers and all of Franchisee's other electronic storage media. Upon Franchisor's request, Franchisee will provide Franchisor with written certification of Franchisee's compliance with this Section.

3.6. **No Refunds.** Upon the expiration or termination of the license granted hereby, or if Franchisor's Software is disabled as described above, Franchisee will not receive any refund of any payments made to Franchisor.

### 4. Third Party Software

4.1. **Purchase of Third Party Software Licenses.** Franchisee agrees to pay to Franchisor, or its designee if indicated by Franchisor, any license fee for the purchase of one or more licenses to any software that is proprietary to a third party, but required by Franchisor for Franchisee to operate the franchise.

4.2. **Recurring Fees.** If under the terms of use for any Franchisor's Software Franchisee is required to pay to any third party a recurring fee, whether as a recurring license fee, training and support fee, or otherwise, Franchisor may, in its discretion, after notifying Franchisee in writing, elect to act as

intermediary for payment purposes only, without any liability to Franchisor whatsoever, and to pay such recurring fee from Franchisee's payment of the monthly Maintenance and Support Fee.

**4.3. License and User Agreements.** Franchisee further agrees to enter into all license and user agreements, and any other agreements Franchisor and/or its designee requires, in connection with the purchase of one or more licenses for, or the use of any of, Franchisor's Software. Franchisee may be required to enter into such license or user agreements with Franchisor and/or Franchisor's designee(s).

## **5. Training and Support; Accountants & Other Professional Consultants**

**5.1. Cooperation of Franchisee.** Franchisee agrees to cooperate with Franchisor in all matters relating to the installation and support of Franchisor's Software and must complete such training of Franchisee's personnel with respect to Franchisor's Software as may be required by Franchisor.

**5.2. Training and Support.** Franchisor or Franchisor's designee will provide a limited amount of training and support to Franchisee which may be by telephone, webinar or any other means at a time arranged by Franchisor and during Franchisor's normal business hours, via a written manual, the Internet, intranet or in any other manner chosen by Franchisor. The type and amount of such training and support will be determined by Franchisor in its sole discretion.

**5.3. Maintenance.** Franchisor or its designee may, in its discretion, modify, upgrade or create fixes, service releases and new Minor Versions of Franchisor's Software from time to time and provide them to Franchisee. Franchisee must implement all Updates and Upgrades as soon as practicable. Maintenance does not include Upgrades to Major Versions.

**5.4. Remote Access.** Franchisee permits Franchisor or its designee unrestricted remote access to Franchisee's network and each device containing Franchisor's Software to install modifications, fixes, service releases and new versions of Franchisor's Software, conduct software audits, and to provide training and support. Franchisee acknowledges and agrees that (i) Franchisee install reasonable security protection on its network; (ii) remote access may reduce or disable the effectiveness of security protection; and (iii) neither Franchisor nor any party acting on behalf of Franchisor will be liable for any claims, demands, damages, costs or expenses that arise or are in any way connected with the remote access to Franchisee's network described herein. Franchisee further understands and acknowledges that such remote access allows Franchisor to have full access to the data generated by Franchisee and to retrieve and use any such data without limitation.

**5.5. Accountants or Other Professional Consultants.** Franchisee must engage such third party providers as specified by Franchisor to assist with set up of Franchisor's Software and Franchisee must sign a release in a form acceptable to Franchisor to authorize such provider to provide Franchisor certain financial and other information to enable set up to be completed to Franchisor's satisfaction.

**5.6. Use of Certified Public Accountant.** During the term of this Agreement Franchisee agrees that all annual financial reports and statements required by Franchisor must be prepared by a Certified Public Accountant and must be provided both in a form that complies with generally accepted accounting principles and in any other form deemed necessary by Franchisor or its designee.

## **6. Fees**

**6.1. Fees to Franchisor.** Franchisor's performance obligations and Franchisee's rights to receive performance under the TA are conditioned upon Franchisee's payment of the Fees set forth in the Schedule A of this TA. Franchisee must pay to Franchisor all fees described in Schedule A of this TA. Fees are exclusive of applicable taxes.

**6.2. Software License Fee.** Upon signing this TA, Franchisee will pay Franchisor a Software License Fee based on Franchisee's use of Franchisor's Software, which is currently \$3,995. Franchisor may increase these fees, and/or modify the services that are provided by the Franchisor or its designee for these fees, provided Franchisee is notified of any changes applicable to Franchisee. This fee is subject to change

based on development and enhancement of various elements of Franchisor's Software. The Software License Fee is described in Schedule A.

**6.3. Maintenance and Support Fees.** Beginning the first full week after Franchisee completes Waco Training (or beginning with the 1st week of the term of a renewal Franchise Agreement if applicable) Franchisee must pay to Franchisor a monthly Maintenance and Support Fee via automatic bank draft. The amount of such fees will be the then-current amount charged for the monthly Maintenance and Support by Franchisor to franchisees of Franchisor. Franchisor may increase monthly fees, or modify the services that are provided for these fees, in its discretion, provided Franchisee is notified of any changes applicable to Franchisee. Maintenance and Support Fees are detailed in Schedule A.

**6.4. Agreements With Other Professional Consultants.** Franchisee agrees to engage the services of other professional consultants from time to time as required or suggested by Franchisor to assist with the training, implementation, or deployment of hardware, software or other technology.

**6.5. Late Payments.** Any payment to be made by Franchisee that is not made within ten days after such payment is due will bear interest at the rate of 12% per annum, or the highest rate allowed by law, whichever is less.

## **7. Confidentiality and Limited Access**

**7.1. Nondisclosure.** Franchisee agrees to maintain Franchisor's Software, including its Documentation and the data generated by the use of Franchisor's Software in confidence by using at least the same physical and other security measures that Franchisee uses for its own confidential information. Franchisee further agrees not to allow anyone to access or use Franchisor's Software or to see its Documentation or the data it generates other than Franchisee's employees, agents and representatives who have a need to have access to or to use Franchisor's Software in order to support Franchisee's authorized use thereof, provided that each such employee, agent and representative must have signed an undertaking to Franchisee, in a form satisfactory to Franchisor, acknowledging that he or she is bound by an obligation of confidentiality. Specifically, Franchisee's accountant(s) or other professional consultants must agree in writing, in a form satisfactory to Franchisor, to maintain confidentiality of Franchisor's Software, its documentation and the data generated by the use of Franchisor's Software and that such accountant(s) must not use Franchisor's Software, its documentation or any portion thereof, except as allowed by and in furtherance of the purposes of this agreement. Franchisee may not, at any time during or after the term of the Franchise Agreement, disclose, copy or use any Confidential Information except as specifically authorized by Franchisor

**7.2. Notice of Loss.** Franchisee must immediately notify Franchisor upon discovering any loss or theft of any copy of Franchisor's Software or its documentation or any data generated by its use, or any unauthorized disclosure thereof by any of Franchisee's employees, agents or representatives.

## **8. Representations; Warranties; Limitation of Liability; Indemnification**

**8.1. Disclaimer of Warranty.** EXCEPT AS SPECIFICALLY PROVIDED HEREIN, NEITHER FRANCHISOR NOR ANY AFFILIATE OF FRANCHISOR MAKES ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER. FRANCHISOR AND ALL AFFILIATES OF FRANCHISOR EXPRESSLY DISCLAIM THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FRANCHISOR SPECIFICALLY MAKES NO WARRANTIES AND DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY RELATING TO ANY SOFTWARE, COMPUTER PROGRAM, DATA, INTRANET, WEBSITE OR OTHER RELATED ITEMS PROVIDED OR RECOMMENDED BY FRANCHISOR. FRANCHISOR DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY THAT FRANCHISOR WILL CORRECT ALL SOFTWARE DEFECTS.

**8.2. Specific Warranty Disclaimers. WITHOUT LIMITING ANY DISCLAIMER OF WARRANTY IN SECTION 8.1, FRANCHISOR SPECIFICALLY DISCLAIMS ANY WARRANTY THAT FRANCHISOR'S SOFTWARE OR DOCUMENTATION:**

- (a). will meet Franchisees' requirements;**
- (b). will adhere to any quality standards;**
- (c). will be uninterrupted, timely, secure, bug-free or error-free;**
- (d). will be free from harmful code;**
- (e). will produce effective, accurate or reliable results;**
- (f). will meet Franchisees' expectations; or**
- (g). will be free from technical or other mistakes, inaccuracies or typographical errors.**

**8.3. Limitation of Liability. THE LIABILITY OF FRANCHISOR TO FRANCHISEE WILL BE LIMITED TO DIRECT DAMAGES NOT TO EXCEED THE AMOUNT OF FEES PAID BY FRANCHISEE TO FRANCHISOR IN THE MOST RECENT TWELVE MONTH PERIOD. IN NO EVENT WILL FRANCHISOR BE LIABLE FOR INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF FRANCHISOR HAS PREVIOUSLY BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN ADDITION, FRANCHISOR WILL HAVE NO LIABILITY FOR REMOTELY ACCESSING FRANCHISEES' NETWORK, OR ANY ERRORS OR OMISSIONS IN ANY WAY RELATED TO WORK PERFORMED BY ACCOUNTANT(S), CONSULTANTS OR OTHER PROFESSIONALS USING FRANCHISOR'S SOFTWARE (INCLUDING THE FINANCIAL SYSTEM OR CUSTOMIZED MANAGEMENT SOFTWARE), REGARDLESS OF ANY PERMISSION, APPROVAL OR ACCEPTANCE OF ACCOUNTANTS OR OTHERS BY FRANCHISOR.**

**8.4. Franchisor's Software and Franchisee's Right to Indemnification.** If a third party claims that Franchisor's Software infringes any U.S. patent, copyright, or trade secret, Franchisor will (as long as Franchisee has fully complied with and is not in default under, this Agreement or any other agreement with Franchisor or any of Franchisor's affiliates) defend Franchisee against such claim at Franchisor's expense and pay all damages that a court finally awards, provided that Franchisee promptly notifies Franchisor in writing of the claim, and allows Franchisor to control, and Franchisee cooperates with Franchisor in, the defense or any related settlement negotiations. If such a claim is made or appears possible, Franchisor may, at its option, secure for Franchisee the right to continue to use Franchisor's Software, or modify or replace Franchisor's Software so that it is non-infringing. If neither of the foregoing options is available in Franchisor's judgment, Franchisor may terminate the license granted by this TA and require Franchisee to return Franchisor's Software without compensation. Franchisor has no obligation with respect to any claim based on a version of Franchisor's Software that is modified without Franchisor's authorization or is combined, operated or used with any product, data, or apparatus not specified or approved by Franchisor. **THIS PARAGRAPH STATES THE ENTIRE OBLIGATION OF FRANCHISOR AND FRANCHISOR'S AFFILIATES TO FRANCHISEE WITH RESPECT TO ANY CLAIM OF INFRINGEMENT.**

**8.5. Franchisor's Right to Indemnification.** Franchisee must indemnify, hold harmless, and defend Franchisor, its affiliates, and their agents and employees, in accordance with this Section, against any loss arising from or in connection with, or resulting from, and will be limited to any claim that materials or Content furnished by Franchisee infringe or misappropriate any third party copyright or trademark rights.

**8.6. Tax and Accounting Disclaimer.** Franchisee agrees, acknowledges and understands that use of Franchisor's Software is for the purposes of assisting Franchisee with maintenance of certain books, records and reports useful to Franchisee and which may be required pursuant to the Franchise Agreement

between Franchisee and Franchisor. Franchisor's Software is not intended, and Franchisor specifically disclaims any representation or warranty regarding use of Franchisor's Software, to produce records or reports that comply with generally accepted accounting principles ("GAAP") or Internal Revenue Service ("IRS") policies and guidelines. It is Franchisee's sole responsibility to comply with any applicable requirements of law or otherwise relating to GAAP or IRS policies and requirements.

## 9. Miscellaneous

9.1. **Remedies.** Franchisee acknowledges that any breach of the covenants set forth in Sections 2.1., 2.2.(a), (c), (d) or (f) or Section 7 of this TA would cause irreparable damage to Franchisor that would be incapable of precise measurement and for which no adequate remedy would exist at law. Franchisee agrees that injunctive relief will be available for any such breach in addition to all other remedies that may be available.

9.2. **Notices.** All notices, requests, consents and other communications required or permitted by this Agreement must be in writing and delivered by hand, fax, overnight delivery service, or registered or certified first class mail, to then-current address of the recipient known by the sender, to the attention of the person then holding the title of the person signing this Agreement on behalf of the recipient. Any such notice, request, consent or other communication will be deemed given and effective upon receipt at such address.

9.3. **Entire Agreement; Amendments.** This TA constitutes the entire understanding between the parties relating to the subject matter hereof, superseding all prior agreements, arrangements and understandings between the parties relating to its subject matter. This TA may not be amended or changed in any way unless such changes are in writing signed by the parties hereto.

9.4. **Waiver.** No delay, omission or failure to exercise any right or remedy provided for herein will be deemed to be a waiver thereof or acquiescence in the event giving rise to such right or remedy. No waiver will be binding unless contained in a writing signed by the party waiving its rights. Any waiver is limited to the specific situation in which it is given and no waiver of any breach or default under this Agreement will be construed as a waiver of any earlier or succeeding breach or default.

9.5. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed entirely within the State of Texas, without regard to Texas's conflicts of law principles.

9.6. **Forum.** The parties hereby irrevocably consent to the non-exclusive jurisdiction of the federal and state courts located in Waco, McLennan County, Texas, in any action for temporary, interim or provisional equitable remedies. The parties hereby waive, to the full extent permitted by law, defenses based on jurisdiction, venue and forum non-conveniens. The parties further consent to service of process by certified mail, return receipt requested, or by any other means permitted by law.

9.7. **Costs, Expenses and Attorneys' Fees.** If an action is commenced between the parties to enforce any provision of this TA, the prevailing party will be entitled to reasonable costs and expenses, including attorneys' fees.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

A \_\_\_\_\_

Name: \_\_\_\_\_

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

**GUARANTORS:**

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

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

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

Douglas A. Dwyer, President &  
Chief Stewarding Officer

## Appendix A

### Required Software

Franchisor requires Franchisee to use any or all of Franchisor's Software as required by Franchisor.

Franchisor's Software includes financial related software such as a QuickBooks template that allows formatting of financial information to coordinate with our systems and industry-specific job costing capability (the "Financial System") and software which provides and combines contact management, sales and lead tracking management, job estimating and proposal generation, and which produces take-off lists for production and any electronic or manual interfaces with Franchisor's required accounting software ("Customized Management Software").

Franchisor's Software includes software developed after the effective date of this Agreement. Franchisor may require an additional fee subsequent to the effective date of this TA for additional required software products, software services or Upgrades to Major Versions of Franchisor's Software.

Franchisor requires that Franchisee use the following Third Party Software:

- Microsoft Windows® 10.0 or higher or, if using a Macintosh, the current version of macOS
- Microsoft Windows® Server 2016 or later (if using a file server)
- Microsoft® 365 Business Standard subscription
- Anti-virus program of your choice, to protect your computer system and data. Windows Defender® supplied with Windows 10 is acceptable (make sure it is active)
- Internet Browser: Microsoft Edge, version 78 or later or Google Chrome, version 78 or later
- Adobe Acrobat Portable Document File (PDF) Reader

Required Third Party Software may be amended or added after the effective date of this Agreement.

Third-party IT support for your third-party software is recommended but not required. We do not provide support for third-party software.

## Appendix B

### Recommended Software

Franchisor recommends that Franchisee use the following Third Party Software:

- ProKitchen design software, 20-20 design software by 20-20 Technologies, Inc., or other approved CAD software.
- Adobe Acrobat Pro.
- T-Sheets by Intuit, electronic time tracking software.
- Online backup and recovery service.

Franchisor may amend or add recommend software after the effective date of this Agreement.

Third-party IT support for your third-party software is recommended but not required. We do not provide support for third-party software.

## Appendix C

### Hardware Requirements and Specifications

Franchisee must purchase and use a minimum of two computers in connection with the Franchised Business, and all Required Software must be installed and used as required by Franchisor.

Franchisee's computers must be equipped with adequate memory, speed and storage to run all Required Software. Much of the Required Software is accessed via the Internet. If high-speed Internet access is not available, slower speeds may impact some support available to you and limit the performance of the required software. For optimum performance, all computers are to be connected via hardwired Ethernet to a hub, switch or router. Due to the reduced network speed, WiFi usage is not recommended for day-to-day operations.

Franchisor is not obligated to provide or assist Franchisee in obtaining computer hardware. Franchisee may acquire computer hardware from any source. Franchisee may use any brand of computer that will run the Required Software.

#### Required Computer Hardware

Desktops and / or laptop with docking station with the following minimum specifications:

- Intel Core Duo or AMD equivalent processor operating at least 2GHZ, 4 GB RAM; 256 GB or larger solid state hard drive.
  - Recommended: Intel i7 or AMD equivalent processor operating at least 2.5GHZ, 8 GB RAM; 512 GB solid state hard drive).
  - If using a laptop computer, a solid state hard drive is recommended but not required.
- Microsoft Windows 10.0 or higher operating system (if using a Macintosh, current operating system macOS);
- Two monitors (19" minimum) with a resolution of at least 1680 x 1050.
  - Laptops must connect to the two screens as noted above. Docking stations are recommended.
  - Laptop screen must be a 15" with a resolution of at least 1366 x 768.
- 32-bit or greater video card with 128 MB of RAM or greater.
- Internal mic, headset, and webcam.
- Compatible peripherals (keyboard mouse; and other typical interface cards and devices).

#### Recommended Computer Hardware

- Optical drive (CD R-W/DVD, 24x CD-ROM).
- Graphics card for optimum performance when using design software (ProKitchen or 20-20).

#### Servers (Optional)

If you choose to use a file server, a 3 disk RAID (Redundant Array of Independent Disks) 5 Configuration is recommended. At a minimum, a mirrored drive setup should be configured. Unsecured wireless networks are not acceptable.

### Other Required Equipment

- Scanner: high-quality (Fujitsu® iX500 ScanSnap Document Scanner or similar).
- Printer: high-quality (HP LaserJet Pro M452nw Wireless Color Printer or similar).

Third-party IT support for your hardware is recommended but not required. We do not provide support for hardware.

You must pay for all maintenance of your computer(s) at your own expense. We do not require you to sign any hardware maintenance or support contracts with us or any third-party suppliers. We do not guarantee, warranty, maintain or support any computer hardware in any manner. You should determine for yourself whether or not any third-party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services. We will periodically advise you in writing of any required upgrades to your computer hardware and we will give you a reasonable period of time in which to comply with any required upgrades.

## Schedule A

### Fees

#### Software License Fee

Upon signing the Franchise Agreement, Franchisee must pay Franchisor a Software License Fee to use Franchisor’s Software. Franchisor may increase such fee, or modify the services that are provided by Franchisor or Franchisor’s designee for such fee, but Franchisor will notify Franchisee of any changes applicable to Franchisee. This fee is subject to change and may increase in the future. Additional Software License Fees may be required under this Agreement if Franchisor requires additional software in the future, including any Upgrade to a Major Version of Franchisor’s Software.

#### Maintenance and Support Fee

Beginning the first full week after Franchisee completes Waco Training (or beginning with the first week of the term of your renewal Franchise Agreement if you are presently a franchisee), Franchisee must pay Franchisor a monthly Maintenance and Support Fee. The amount of such fees will be the then-current amount Franchisor charges to franchisees for monthly Maintenance and Support fees. Franchisor may increase monthly fees, or modify the services that are provided for such fees, but Franchisor will notify Franchisee of any applicable changes. Maintenance and Support Fees do not include fees required for an Upgrade to a Major Version of Franchisor’s Software.

The monthly fee includes Basic Support of the Franchisor’s Software. Franchisor will make its best effort to respond within 48 hours of the support requires. Up to two calls per month, with a maximum duration of one hour per call, are included at no additional charge. Call Hours are from 8:00 a.m. to 4:00 p.m. Central Time. For calls exceeding the limit, the following charges apply:

- Phone support during Call Hours will be charged \$125 per hour.
- Phone support outside of Call Hours will be charged at \$187.50 per hour.

#### Administrative Enforcement Fee

If, within the time allotted by Franchisor pursuant to written notice, Franchisee does not purchase, install, or execute agreements governing the terms of Franchisor’s Software, Franchisor may require that Franchisee pay to Franchisor, an administrative enforcement fee for each occurrence under this TA.

#### Late Fee

Any payment not made within ten days after a payment is due will bear interest at the rate of 1½% per month or the maximum interest rate permitted under law, whichever is less.

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE
Software License Fee	\$3,995	Cashier’s Check	Upon Signature
Maintenance and Support Fee	\$385; Plus \$55 to \$65 per additional user seat per software	ACH Draft	Monthly
Administrative Enforcement Fee	\$1,000	ACH Draft	Upon Notice
Late Fee	1 ½% of Outstanding Over Due Amount	ACH Draft	> 10 Days of Any Payment Due Date

**EXHIBIT B-5 TO FRANCHISE AGREEMENT**  
**RIGHT OF PUBLICITY GENERAL RELEASE**

I hereby irrevocably authorize WORLDWIDE REFINISHING SYSTEMS, INC., a Texas corporation doing business as DREAMMAKER BATH AND KITCHEN BY WORLDWIDE® (the "Corporation"), having a principal place of business at 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 and its successors and assigns, to use any existing photographs, videotapes, or other electronic imaging taken by me or in my rightful possession and given to the Corporation, and to use any existing photographs, videotapes or other electronic imaging of me and/or take any photographs, videotapes or other electronic imaging of me, along with any testimonial I may give, together with or without my name, likeness and/or information about me, for use in any way the Corporation may desire, alone or in conjunction with others, in the marketing, advertising, training, publicity and promotion, anywhere in the world and through any medium, of the activities of the Corporation, their successors and assigns, without payment to me.

I understand and agree that I will have no claim against the corporation or any other person, firm or corporation by reason of any such use of the above-referenced photographs, videotapes or other electronic imaging whether or not of me, my name, likeness and/or information about me. I further understand and agree that any images taken of me and/or given by me to the Corporation are the property of the Corporation.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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

**EXHIBIT B-6 TO FRANCHISE AGREEMENT**

**AUTHORIZATION FOR RELEASE OF INFORMATION (VENDORS)**

The undersigned operates a DREAMMAKER KITCHEN & BATH business (the “Franchised Business”) pursuant to a franchise agreement with Worldwide Refinishing Systems, Inc. d/b/a DreamMaker Bath & Kitchen by Worldwide (“DreamMaker”).

I understand that it is important to the operation of my Franchised Business and to the franchise system for DreamMaker and its agents and employees to be able to communicate with vendors and suppliers of my Franchised Business.

Accordingly, I irrevocably authorize DreamMaker, and its agents and employees, to communicate with all vendors and suppliers of my Franchised Business, and to obtain from my vendors and suppliers information about my Franchised Business, including purchase history and cost information. I likewise authorize and direct each of my vendors and suppliers to provide any such information requested by DreamMaker. I hereby agree to indemnify and hold harmless DreamMaker, its agents and employees, and each of my vendors and suppliers, who rely on this authorization, from and against all claims and liability arising out of or related to communications and dissemination of information in reliance on this authorization.

This authorization and indemnity is a continuing one and shall remain in full force and effect throughout the term of my franchise agreement (including renewals) and for a three-year period following termination or expiration of my franchise agreement.

The undersigned has read the foregoing in its entirety before signing.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

**EXHIBIT B-7 TO FRANCHISE AGREEMENT**  
**STATE SPECIFIC AMENDMENTS**

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR RESIDENTS OF CALIFORNIA**

This ADDENDUM TO FRANCHISE AGREEMENT FOR RESIDENTS OF CALIFORNIA is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with an address of 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and the parties wish to amend the Agreement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Section 14.E. of the Franchise Agreement is hereby deleted and replaced with the following:

“14.E. Arbitration. Except for actions which we may bring in any court of competent jurisdiction for failure to pay Royalty Fees or any other amounts due and owing under this Agreement, or for injunctive or other extraordinary relief, you and we agree to submit any claim, controversy or dispute (collectively, “**Dispute**”) between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to *(a)* this Agreement or any other agreement between us and you, *(b)* our relationship with you, *(c)* the validity of this Agreement or any other agreement between us and you, or *(d)* any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 14.E. The arbitration shall be conducted through the American Arbitration Association (“**AAA**”) and in accordance with the AAA’s Commercial Arbitration Rules (“**Rules**”). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in McLennan County, Texas, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 14.E. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates

and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 14.E., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.”

2. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

3. Each provision of this Amendment 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 Amendment.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR RESIDENTS OF ILLINOIS**

This ADDENDUM TO FRANCHISE AGREEMENT FOR RESIDENTS OF ILLINOIS is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with an address of 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and the parties wish to amend the Agreement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Illinois Franchise Disclosure Act of 1987 ("Act"), 815 ILCS 705/1-44. To the extent that this Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
  - a. Illinois law governs the Franchise Agreement.
  - b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
  - c. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
  - d. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
2. All other provisions of this Franchise Agreement are hereby ratified and confirmed.

[The next page is the signature page.]

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR RESIDENTS OF MARYLAND**

This ADDENDUM TO FRANCHISE AGREEMENT FOR RESIDENTS OF MARYLAND is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with an address of 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, individually, with an address of \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Agreement is amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 1.B., **Renewal**, is amended by adding:

“Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

3. Section 3.G., **MAP Fee**, is amended by adding:

“Pursuant to COMAR 02.02.08.04B(2), Franchisee may obtain an annual accounting of the advertising fund submitting a written request to Franchisor.”

4. Section 11.B., **Assignment of Franchisee**, subsection 6, is amended by adding:

“Pursuant to COMAR 02.02.08.16L, the general release required as a condition of transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

5. Section 14.B. & 14.C., **Governing Law and Consent To Jurisdiction**, is amended by adding:

“Subject to Franchisee’s arbitration obligations, a Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

6. Section 15.L., **Acknowledgments**, is amended by adding:

“These representations are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.”

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

BY: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR RESIDENTS OF MINNESOTA**

This ADDENDUM TO FRANCHISE AGREEMENT FOR RESIDENTS OF CALIFORNIA is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with an address of 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and the parties wish to amend the Agreement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Franchisor will undertake the defense of any claim of infringement by third parties involving the mark DREAMMAKER BATH & KITCHEN BY WORLDWIDE®, and Franchisee will cooperate with the defense in any reasonable manner required by Franchisor with any direct cost of such cooperation to be borne by Franchisor.

3. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement.

4. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. 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 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. Section 3.M. (Dishonored Checks) is amended to provide that any nonsufficient funds charge shall not exceed \$30 per each dishonored check, draft, order of withdrawal, or similar negotiable or nonnegotiable instrument.

6. Section 14.F. (Limitation of Claims) is amended to provide that any claims arising under the Minnesota Franchise Act must be brought within three years after the date the cause of action occurs.

7. Section 15.O. (Waiver of Punitive Damages) and Section 15.R. (Waiver of Jury Trial) are hereby deleted.

8. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.

9. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this addendum.

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.  
Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR RESIDENTS OF WASHINGTON**

This ADDENDUM TO FRANCHISE AGREEMENT FOR RESIDENTS OF WASHINGTON is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with an address of 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, individually, with an address of \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and wish to amend certain terms of the Agreement.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Agreement is amended as follows:

1. The State of Washington has a statute, RCW 19.100.180 (the "Act") that 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 that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
2. In the event of a conflict of laws, the provisions of the Act shall prevail.
3. A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
4. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
5. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator
6. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.
7. Each provision of this Amendment 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 Amendment.

[The next page is the signature page.]

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.  
Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

## EXHIBIT B-8 TO FRANCHISE AGREEMENT

### FRANCHISEE DISCLOSURE QUESTIONNAIRE

You are preparing to enter into a DREAMMAKER BATH & KITCHEN BY WORLDWIDE® Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that DreamMaker has not authorized and that may be untrue or misleading.

1. Establishment of New Business. The purchase of a DreamMaker Franchise is primarily the purchase of a license to establish and operate a business under the DREAMMAKER BATH & KITCHEN BY WORLDWIDE® name and trademark. You must operate the Franchise in accordance with our business format. You understand and acknowledge that the operation of a new business involves a number of business risks, which exist in connection with any business.

2. Ability to Operate a DREAMMAKER Franchise. The ability to operate a profitable Franchise requires some level of business and management skills and the capability of providing good customer service. Our franchisees must always provide excellence in customer service. How you treat customers is critical to the Franchise.

3. Importance of Your Effort. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Franchise. You understand that the success or failure of your Franchise may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as door hangers, flyer distribution, placement of advertisements in local newspapers and magazines, yellow pages, and otherwise as we recommend. Your failure to follow the DreamMaker System may have a negative effect on the Franchise.

4. Additional Funds and Financial Requirements. In our Franchise Disclosure Document, we have disclosed an ESTIMATE of the amount of additional funds that you should have available to invest in the Franchise in the start-up phase. However, no amount of investment can guarantee you will have a profitable Franchise.

5. Pricing of Products and Services. To the extent that we do not establish maximum, minimum, or other pricing requirements, as an independent business owner, you must establish your own pricing for products and services sold by your Franchise. Should you elect to price products and services too low, you may adversely affect your profit margin. Should you elect to set your prices too high, you may lose business to your competitors.

6. Training and Support. We produce and distribute various training materials, programs, manuals and newsletters to our franchisees, and we facilitate the holding of local, regional and/or national conferences in order to encourage networking and exchange of ideas for the purpose of making your Franchise more profitable. While we can make recommendations and suggestions on how to improve your Franchise, it is up to you to avail yourself of and use the information and ideas we provide.

7. Competition. Each of the services you provide are provided by others and new competitors may appear at any time within your Territory although these competitors are not licensed to use our System or our Marks. It is also possible that another DreamMaker franchise may be located near or adjacent to your Territory.

8. Taxes, Fees and Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (ADA), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

9. Complaints and Litigation. Occasionally, we may receive complaints from or be served with lawsuits by our franchisees or customers of our franchisees alleging misconduct and/or a violation of law. Adverse publicity resulting from such allegations may materially affect us and all of our franchisees, regardless of whether such allegations are true. On occasion, we will file suit against franchisees or former franchisees to enforce the terms of the franchise agreement. While we believe we have not violated any franchise laws or misled or defrauded any prospective franchisees, we cannot provide any assurance that an adverse result may not occur.

10. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Franchise. Because you are licensed to use our trade name in your operation of the Franchise, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us in the lawsuit. As a result, you must carry proper insurance on the Franchise and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may cancel your Franchise Agreement.

11. Renewal Option at End of Term. Your Franchise Agreement gives you a license to operate a Franchise for an initial term of 10 years. At the end of the 10 years, if you have complied with the terms of the Franchise Agreement, you may renew your Franchise by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you may be required to turn your customer list and your telephone numbers and electric identities, including domain names, over to us and/or you may be prohibited from operating any similar business which competes with us or our franchisees for a period of two years in your Territory.

12. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the Franchise Disclosure Document provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Did you sign a receipt page for the Franchise Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Have you received and carefully reviewed the DreamMaker Franchise Agreement and each exhibit and schedule attached to the Franchise Agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our franchise disclosure document; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a DreamMaker Franchise with an attorney, accountant or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Do you understand that the purchase of a DreamMaker Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your DreamMaker Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the DreamMaker System and methods of doing business, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand and acknowledge that DreamMaker cannot guarantee the success of your DreamMaker Franchise or that it will ever achieve profitability?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Do you understand that in all dealings with you, the officers, directors, employees and agents of DreamMaker act only in a representative capacity and not in an individual capacity and such dealings are solely between you and DreamMaker?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Do you understand that any information concerning the revenue, profits, income or costs of a DREAMMAKER Franchise that was given to you by one of our franchisees is not information obtained from our employees or representatives, and we make no representation about the information's accuracy?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. IF YOU ANSWERED "NO" TO ANY OF QUESTIONS 1 THROUGH 9, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY. IF YOU ANSWERED "YES" TO ALL OF QUESTIONS 1 THROUGH 9, PLEASE LEAVE THE LINES BLANK.

Question No.                      Explanation

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Please review each of the following questions carefully and provide responses. When answering these questions, please remember that a DreamMaker franchisee is not a DreamMaker representative for the purposes of answering these questions.

11. Other than any statements specifically provided in Item 19 of our Franchise Disclosure Document, have any employee or representative of DreamMaker made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a DREAMMAKER Franchise?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our Franchise Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee or representative of DreamMaker made any statement or promise regarding the costs you may incur in operating a DreamMaker Franchise; the advertising, marketing, training, support service or assistance that DreamMaker will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the Franchise Disclosure Document provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee or representative of DreamMaker made any statement, promise or agreement concerning the amount or type of national account customers that may be available to you should you purchase a DreamMaker Franchise?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. IF YOU ANSWERED “YES” TO ANY OF QUESTIONS 11 THROUGH 14, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED. ATTACH ADDITIONAL SHEETS IF NECESSARY. IF YOU ANSWERED “NO” TO ALL OF QUESTIONS 11 THROUGH 14 ABOVE, PLEASE LEAVE THE LINES BLANK.



## EXHIBIT B-9 TO FRANCHISE AGREEMENT

### FRANCHISEE DISCLOSURE QUESTIONNAIRE – TRANSFER

You are preparing to enter into a DREAMMAKER BATH & KITCHEN BY WORLDWIDE® Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that DreamMaker has not authorized and that may be untrue or misleading.

1. Establishment of New Business. The purchase of a DreamMaker Franchise is primarily the purchase of a license to establish and operate a business under the DREAMMAKER BATH & KITCHEN BY WORLDWIDE® name and trademark. You must operate the Franchise in accordance with our business format. You understand and acknowledge that the operation of a new business involves a number of business risks, which exist in connection with any business.

2. Ability to Operate a DREAMMAKER Franchise. The ability to operate a profitable Franchise requires some level of business and management skills and the capability of providing good customer service. Our franchisees must always provide excellence in customer service. How you treat customers is critical to the Franchise.

3. Importance of Your Effort. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Franchise. You understand that the success or failure of your Franchise may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as door hangers, flyer distribution, placement of advertisements in local newspapers and magazines, yellow pages, and otherwise as we recommend. Your failure to follow the DreamMaker System may have a negative effect on the Franchise.

4. Additional Funds and Financial Requirements. In our Franchise Disclosure Document, we have disclosed an ESTIMATE of the amount of additional funds that you should have available to invest in the Franchise in the start-up phase. However, no amount of investment can guarantee you will have a profitable Franchise.

5. Pricing of Products and Services. To the extent that we do not establish maximum, minimum, or other pricing requirements, as an independent business owner, you must establish your own pricing for products and services sold by your Franchise. Should you elect to price products and services too low, you may adversely affect your profit margin. Should you elect to set your prices too high, you may lose business to your competitors.

6. Training and Support. We produce and distribute various training materials, programs, manuals and newsletters to our franchisees, and we facilitate the holding of local, regional and/or national conferences in order to encourage networking and exchange of ideas for the purpose of making your Franchise more profitable. While we can make recommendations and suggestions on how to improve your Franchise, it is up to you to avail yourself of and use the information and ideas we provide.

7. Competition. Each of the services you provide are provided by others and new competitors may appear at any time within your Territory although these competitors are not licensed to use our System or our Marks. It is also possible that another DreamMaker franchise may be located near or adjacent to your Territory.

8. Taxes, Fees and Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (ADA), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

9. Complaints and Litigation. Occasionally, we may receive complaints from or be served with lawsuits by our franchisees or customers of our franchisees alleging misconduct and/or a violation of law. Adverse publicity resulting from such allegations may materially affect us and all of our franchisees, regardless of whether such allegations are true. On occasion, we will file suit against franchisees or former franchisees to enforce the terms of the franchise agreement. While we believe we have not violated any franchise laws or misled or defrauded any prospective franchisees, we cannot provide any assurance that an adverse result may not occur.

10. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Franchise. Because you are licensed to use our trade name in your operation of the Franchise, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us in the lawsuit. As a result, you must carry proper insurance on the Franchise and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may cancel your Franchise Agreement.

11. Renewal Option at End of Term. Your Franchise Agreement gives you a license to operate a Franchise for an initial term of 10 years. At the end of the 10 years, if you have complied with the terms of the Franchise Agreement, you may renew your Franchise by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you may be required to turn your customer list and your telephone numbers and electric identities, including domain names, over to us and/or you may be prohibited from operating any similar business which competes with us or our franchisees for a period of 2 years in your Territory.

12. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the Franchise Disclosure Document provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Did you sign a receipt page for the Franchise Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Have you received and carefully reviewed the DreamMaker Franchise Agreement and each exhibit and schedule attached to the Franchise Agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our franchise disclosure document; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a DreamMaker Franchise with an attorney, accountant or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Do you understand that the purchase of a DreamMaker Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your DreamMaker Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the DreamMaker System and methods of doing business, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand and acknowledge that DreamMaker cannot guarantee the success of your DreamMaker Franchise or that it will ever achieve profitability?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Do you understand that in all dealings with you, the officers, directors, employees and agents of DreamMaker act only in a representative capacity and not in an individual capacity and such dealings are solely between you and DreamMaker?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Do you understand that any information concerning the revenue, profits, income or costs of a DREAMMAKER Franchise that was given to you by one of our franchisees is not information obtained from our employees or representatives, and we make no representation about the information's accuracy?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. IF YOU ANSWERED "NO" TO ANY OF QUESTIONS 1 THROUGH 9, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY. IF YOU ANSWERED "YES" TO ALL OF QUESTIONS 1 THROUGH 9, PLEASE LEAVE THE LINES BLANK.





**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**Worldwide Refinishing Systems, Inc**  
dba DreamMaker Bath & Kitchen by Worldwide

Financial Statements

December 31, 2019, 2018 and 2017



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## INDEPENDENT AUDITOR'S REPORT

To the Management of  
Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Waco, Texas

We have audited the accompanying financial statements of Worldwide Refinishing Systems, Inc dba DreamMaker Bath & Kitchen by Worldwide (a Texas corporation) (the "Company"), which comprise the balance sheet as of December 31, 2019, and the related statements of income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



An independent firm  
associated with Moore  
Global Network Limited

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Worldwide Refinishing Systems, Inc dba DreamMaker Bath & Kitchen by Worldwide as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Notes 2 and 8 to the financial statements, the Company has implemented Financial Accounting Standards Board Accounting Standard Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

## **Subsequent Event and Uncertainties**

As discussed in Note 2 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

## **Prior Period Financial Statements**

The financial statements of Worldwide Refinishing Systems, Inc dba DreamMaker Bath & Kitchen by Worldwide as of December 31, 2018 and 2017, were audited by other auditors whose reports dated March 1, 2019, and March 6, 2018, respectively, expressed unqualified opinions on those statements.

*Armanino LLP*

Armanino<sup>LLP</sup>  
Los Angeles, California

March 26, 2020

Worldwide Refinishing Systems, Inc  
 dba DreamMaker Bath & Kitchen by Worldwide  
 Balance Sheets  
 December 31, 2019, 2018 and 2017

	2019	(Restated) 2018	(Restated) 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 950,072	\$ 521,039	\$ 584,461
Accounts receivable, net	-	-	98,567
Prepaid expenses	139,181	114,333	119,682
Investments	68,500	68,500	50,000
Related party note receivable	-	350,000	350,000
Notes receivable, net	44,805	19,727	10,701
Total current assets	1,202,558	1,073,599	1,213,411
<b>Other assets</b>			
Notes receivable, net of current portion	35,701	63,892	72,720
Intangibles, net	24,967	18,477	21,221
Property and equipment, net	422,559	354,493	254,662
Total other assets	483,227	436,862	348,603
Total assets	\$ 1,685,785	\$ 1,510,461	\$ 1,562,014

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

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Balance Sheets  
December 31, 2019, 2018 and 2017

	2019	(Restated) 2018	(Restated) 2017
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 59,960	\$ 32,955	\$ 34,684
Accrued payroll, bonus, and paid time off	111,376	73,298	47,583
Accrued convention	53,394	64,216	72,617
Accrued education and training	41,747	48,723	46,260
Accrued liabilities	76,742	79,977	152,855
Marketing deposits	98,727	55,663	115,831
Deferred income	43,661	14,390	8,730
Franchise and development liability	48,593	-	-
Total current liabilities	534,200	369,222	478,560
Related party note	225,957	287,957	287,957
Total liabilities	760,157	657,179	766,517
<b>Commitments (Notes 6 and 7)</b>			
<b>Stockholder's equity</b>			
Common stock, par value \$10 per share, 2500 shares authorized, 1000 shares issued and outstanding	10,000	10,000	10,000
Additional paid-in capital	2,073,341	2,073,341	2,073,341
Accumulated deficit	(1,157,713)	(1,230,059)	(1,287,844)
Total stockholder's equity	925,628	853,282	795,497
Total liabilities and stockholder's equity	\$ 1,685,785	\$ 1,510,461	\$ 1,562,014

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

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Statements of Income  
For the Years Ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>(Restated) 2018</u>	<u>(Restated) 2017</u>
Revenues			
Franchise fees	\$ 219,756	\$ 46,785	\$ 177,168
Royalty fees	1,497,179	1,453,257	1,308,031
Other revenue	<u>781,742</u>	<u>668,981</u>	<u>639,462</u>
Total revenues	<u>2,498,677</u>	<u>2,169,023</u>	<u>2,124,661</u>
Operating expenses			
Franchising	1,086,207	878,861	914,144
General and administrative	156,446	199,139	214,472
Payroll	1,066,015	898,952	712,384
Facilities	<u>89,893</u>	<u>89,455</u>	<u>85,349</u>
Total operating expenses	<u>2,398,561</u>	<u>2,066,407</u>	<u>1,926,349</u>
Income from operations	100,116	102,616	198,312
Other income (expense)			
Sublease income	19,099	24,103	14,136
Interest income	21,105	26,698	33,447
Interest expense	<u>(24,476)</u>	<u>(24,476)</u>	<u>(24,476)</u>
Total other income (expense), net	<u>15,728</u>	<u>26,325</u>	<u>23,107</u>
Income before provision for income taxes	115,844	128,941	221,419
Provision for income taxes	<u>2,942</u>	<u>6,446</u>	<u>5,317</u>
Income before charitable contribution	112,902	122,495	216,102
Charitable contributions	<u>(40,556)</u>	<u>(64,710)</u>	<u>(72,044)</u>
Net income	<u>\$ 72,346</u>	<u>\$ 57,785</u>	<u>\$ 144,058</u>

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

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Statements of Stockholder's Equity  
For the Years Ended December 31, 2019, 2018 and 2017

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, January 1, 2017	1,000	\$ 10,000	\$ 2,073,341	\$ (1,480,624)	\$ 602,717
Impact of ASC 606 adoption (Note 2)	-	-	-	48,722	48,722
Net income	-	-	-	<u>144,058</u>	<u>144,058</u>
Balance, January 1, 2018	1,000	10,000	2,073,341	(1,287,844)	795,497
Net income	-	-	-	<u>57,785</u>	<u>57,785</u>
Balance, December 31, 2018	1,000	10,000	2,073,341	(1,230,059)	853,282
Net income	-	-	-	<u>72,346</u>	<u>72,346</u>
Balance, December 31, 2019	<u>1,000</u>	<u>\$ 10,000</u>	<u>\$ 2,073,341</u>	<u>\$ (1,157,713)</u>	<u>\$ 925,628</u>

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

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Statements of Cash Flows  
For the Years Ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>(Restated) 2018</u>	<u>(Restated) 2017</u>
<b>Cash flows from operating activities</b>			
Net income	\$ 72,346	\$ 57,785	\$ 144,058
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	99,895	91,591	89,319
Changes in operating assets and liabilities			
Accounts receivables	-	98,565	(110,482)
Prepaid expenses	(24,848)	5,406	(21,086)
Notes receivable	353,113	(198)	(310,811)
Accounts payable	27,015	(12,724)	30,375
Accrued liabilities	17,045	(51,720)	58,624
Advertising and promotion	43,064	(56,380)	-
Deferred income	29,271	5,660	5,905
Franchise and development liability	48,593	5,761	-
Net cash provided by (used in) operating activities	<u>665,494</u>	<u>143,746</u>	<u>(114,098)</u>
<b>Cash flows from investing activities</b>			
Purchases of intangibles	(13,439)	(33,529)	(1,355)
Purchases of property and equipment	<u>(161,022)</u>	<u>(173,639)</u>	<u>(51,689)</u>
Net cash used in investing activities	<u>(174,461)</u>	<u>(207,168)</u>	<u>(53,044)</u>
<b>Cash flows from financing activities</b>			
Payments on notes payable - related parties	<u>(62,000)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(62,000)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	429,033	(63,422)	(167,142)
Cash, beginning of year	<u>521,039</u>	<u>584,461</u>	<u>751,603</u>
Cash, end of year	<u>\$ 950,072</u>	<u>\$ 521,039</u>	<u>\$ 584,461</u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 24,476	\$ 24,476	\$ 24,476
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The accompanying notes are an integral part of these financial statements.

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Notes to Financial Statements  
December 31, 2019, 2018 and 2017

1. NATURE OF OPERATIONS

Worldwide Refinishing Systems, Inc. (the "Company") was incorporated in 1975 under the laws of the State of Texas to sell franchises for refinishing, repair and related servicing of porcelain, formica, tile and ceramic products. Since June of 1999, the Company has done business under the name of DreamMaker Bath & Kitchen by Worldwide and provides bathroom, kitchen, and other interior remodeling and related services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting principle

In May 2014, the FASB issued guidance (Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Company adopted ASC 606 with a date of the initial application of January 1, 2019, using the full-retrospective method.

The Company's services that fall within the scope of ASC 606 relate to the initial franchise fees, the related sales commissions, the franchisee marketing fund and pre-opening costs assisting the new franchisee. These items were previously deferred until stores were opened but now are recognized as the Company satisfies its obligations to the franchiser which is simultaneous with the store opening. Additionally renewal fees were recognized immediately upon execution of the contract but now are recognized over the life of the contract. The cumulative effect of the adoption was recognized as a decrease to accumulated deficit of \$48,722 on January 1, 2017 and the impacts for fiscal years 2018 and 2017 are as detailed in Note 8.

Basis of accounting

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Franchise agreements

The Company is obligated under its franchise agreements to provide training, an operations manual and other initial and continuing services to its franchisees. Franchisees pay an initial franchise and technology fee as well as continuing royalty fees based on sales. Marketing fees for a national campaign are charged to franchisees. Additional fees are assessed upon renewal or transferring franchise interests.

Worldwide Refinishing Systems, Inc  
 dba DreamMaker Bath & Kitchen by Worldwide  
 Notes to Financial Statements  
 December 31, 2019, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Franchise agreements (continued)

The following is a reconciliation of the number of franchises in operation:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Franchises at January 1	34	38	36
New franchises added during the year	4	1	3
Franchises canceled or terminated during the year	<u>(4)</u>	<u>(5)</u>	<u>(1)</u>
Active at December 31	<u><u>34</u></u>	<u><u>34</u></u>	<u><u>38</u></u>

There were 34, 34 and 38 signed franchise agreements as of December 31, 2019, 2018 and 2017, respectively.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Actual results may differ from these estimates.

Concentration of credit risk

Occasionally, the Company's bank balances exceed FDIC insured limits. The Company has not experienced and does not anticipate any losses related to cash held in these accounts.

Cash and cash equivalents

The Company considers all short-term financial instruments purchased with an original maturity of three months or less to be cash equivalents. The Company had no cash equivalents as of fiscal years ended 2019, 2018 and 2017.

Accounts receivable

Accounts receivable are comprised of accruals of weekly royalties due from franchisees, net of an allowance for doubtful accounts. It is the Company's policy to reserve for franchise accounts receivable at 100% until reasonable assurance is given that payments will be received. Once payments are continuous and the franchisee is in a stable financial position, the reserve is then reduced accordingly. The Company's policy is to charge-off uncollectible accounts receivable when it is determined that the receivable will not be collected.

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Notes to Financial Statements  
December 31, 2019, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes receivable

Notes receivable are comprised of financed initial franchise, royalty and marketing fees, net of allowance for doubtful accounts. The Company's allowance for doubtful accounts is based upon the length of time the receivables are past due, historical payment trends and current economic factors. The Company generally secures notes with franchisees' property and equipment. The Company has \$217,701, \$232,561 and \$383,160 of allowance for doubtful accounts for the years ended December 31, 2019, 2018 and 2017, respectively.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5 - 10 years
Software and acquired technology	3 - 7 years
Leasehold improvements	shorter of useful life or remaining life of the lease

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated or amortized over the estimated useful lives of the related assets.

Intangibles

Intangible assets are comprised as follows:

Trademarks	5 - 14 years
Intellectual property	7 years

Amortization of definite-lived intangible assets is computed using the straight-line method over the estimated useful lives noted above.

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Notes to Financial Statements  
December 31, 2019, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount, an impairment loss would be measured based on the fair value compared to the carrying amount. There were no impairments recorded to long-lived assets for the fiscal years ended 2019, 2018 and 2017.

Accrued convention

The Company accrues funds on a monthly basis during the course of the year to pay for their annual convention. Their annual convention is held each June for their Franchisees and a select group of Preferred Vendors and is referred to as Reunion. Accrued Convention at December 31, 2019, 2018 and 2017 was \$53,394, \$64,216, and \$72,617, respectively.

Deferred income

Deferred income represent deferred convention revenue, deferred royalty fees, and initial franchise fees received from franchisees that have yet to open and unamortized portion of franchise fees for franchises that have opened.

Revenue recognition

The initial franchise fees vary per the terms of the franchise contract. As allowed under ASC 606 (see Note 2) initial franchise fees are recognized upon franchise openings, as costs incurred to open a new franchise equal or exceeded charged fee. Under the terms of its franchise agreements, the Company provides initial training and continuing business consulting and marketing support to its franchises. Franchise fees and technology fees are generally payable upon the execution of the franchise agreement and royalty fees generally commence upon the starting of the franchisee's business activities.

The Company also receives royalty fees on a weekly basis from franchisees. Royalty fees are recognized and charged at a percentage (primarily 3% to 7%) of sales on a weekly basis.

The Company reserves the right to waive all or a portion of the franchise, training and royalty fees.

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Notes to Financial Statements  
December 31, 2019, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketing fund

The Company expends marketing fees collected from franchisees to pay for expenses related to the development of marketing materials and processes for use by franchisees and the Company brand in national, regional or local advertising, marketing and promotion activities. Marketing fees are charged at 1% to 2% of sales.

Advertising expense

Advertising expense is presented as marketing fees expended and relate to activities to promote the DreamMaker Bath & Kitchen by Worldwide brand to prospective franchisees and are expensed as incurred. Advertising expense during the years ended December 31, 2019, 2018 and 2017 amounted to \$99,211, \$139,048 and \$116,070, respectively.

Income taxes

The Company accounts for income taxes under ASC 740, Income Taxes. This statement requires the recognition of deferred tax assets and liabilities for the future consequences of events that have been recognized in the Company's financial statements or tax returns. The Company measures tax assets and liabilities using the enacted tax rates expected to apply to taxable income in the years in which the Company expects to recover or settle those temporary differences. The Company recognizes the effect of a change in tax rates on deferred tax assets and liabilities in income in the period that includes the enactment date. The Company provides a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax assets will be realized.

The Company accounts for uncertainty in income taxes under ASC 74010. ASC 74010 prescribes a recognition threshold and measurement methodology to recognize and measure an income tax position taken, or expected to be taken, in a tax return. The evaluation of a tax position is based on a two-step approach. The first step requires an entity to evaluate whether the tax position would "more likely than not" be sustained upon examination by the appropriate taxing authority. The second step requires the tax position be measured at the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. In addition, previously recognized benefits from tax positions that no longer meet the new criteria would be reversed.

The Company reviews its deferred tax assets for ultimate realization and will record a valuation allowance to reduce the deferred tax asset if it is more likely than not that some portion, or all, of these deferred tax assets will not be realized.

The Company's tax returns are generally no longer subject to examination by the Internal Revenue Service three years after filing.

Worldwide Refinishing Systems, Inc  
 dba DreamMaker Bath & Kitchen by Worldwide  
 Notes to Financial Statements  
 December 31, 2019, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Company has evaluated events subsequent to December 31, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 26, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

In December 2019, an outbreak of a novel strain of coronavirus (COVID19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Company. However, the financial impact and duration cannot be reasonably estimated at this time.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 38,591	\$ 38,591	\$ 38,591
Leasehold improvements	24,846	24,846	24,846
Software	<u>962,282</u>	<u>801,260</u>	<u>627,611</u>
	1,025,719	864,697	691,048
Accumulated depreciation and amortization	<u>(603,160)</u>	<u>(510,204)</u>	<u>(436,386)</u>
	<u>\$ 422,559</u>	<u>\$ 354,493</u>	<u>\$ 254,662</u>

Depreciation expense was \$96,961, \$88,847 and \$86,631 for the year ended December 31, 2019, 2018 and 2017, respectively.

Worldwide Refinishing Systems, Inc  
 dba DreamMaker Bath & Kitchen by Worldwide  
 Notes to Financial Statements  
 December 31, 2019, 2018 and 2017

4. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	2019	2018	2017
Trademarks	\$ 61,604	\$ 52,180	\$ 52,180
Intellectual property	10,250	10,250	10,250
	71,854	62,430	62,430
Accumulated amortization	(46,887)	(43,953)	(41,209)
	\$ 24,967	\$ 18,477	\$ 21,221

Amortization expense was \$2,934, \$2,744 and \$2,688 for the year ended December 31, 2019, 2018 and 2017, respectively.

Future amortization of intangibles by year is approximately as follows:

Year ending December 31,

2020		\$ 3,613
2021		3,360
2022		3,319
2023		3,319
2024		3,319
Thereafter		8,037
		\$ 24,967

5. RELATED PARTY TRANSACTIONS

Related party note payable is as follows:

	2019	2018	2017
Note payable to Douglas Dwyer GST Trust, interest only payments, then monthly principal payments of \$4,636 beginning January 2021 and maturing in December 2026.	\$ 225,957	\$ 287,957	\$ 287,957

Worldwide Refinishing Systems, Inc  
 dba DreamMaker Bath & Kitchen by Worldwide  
 Notes to Financial Statements  
 December 31, 2019, 2018 and 2017

5. RELATED PARTY TRANSACTIONS (continued)

The future maturities of the related party note payable are as follows:

<u>Year ending December 31,</u>		
2021	\$	55,630
2022		55,630
2023		55,630
2024		55,630
Thereafter		<u>3,437</u>
	<u>\$</u>	<u>225,957</u>

Related Party Note Receivable - In May 2017, the Company issued an unsecured note to Doug Dwyer in the amount of \$350,000. The note was paid in full in 2019.

6. COMMITMENTS

The Company leases building and equipment under operating lease agreements under various terms. The equipment agreements have expiration dates through 2023. The annual minimum lease payments are summarized in the table below.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending December 31,</u>		
2020	\$	101,858
2021		105,496
2022		<u>109,134</u>
	<u>\$</u>	<u>316,488</u>

The building lease can be renewed if the Company chooses to for another two years. The minimum lease payments for the optional year are not included in the amount above. Rent expense for the years ended December 31, 2019, 2018 and 2017, was \$98,675, \$95,186 and \$90,948, respectively.

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Notes to Financial Statements  
December 31, 2019, 2018 and 2017

7. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Company sponsors a 401(k) plan covering all full time employees who have attained age 21 and completed 90 days of service. Plan participants may contribute up to the limit set by the IRS. The Company matches 25% of employee contributions up to a maximum of 10% of contributions made by the participants. The Company made contributions of \$5,194, \$4,212 and \$3,651 to the plan during 2019, 2018 and 2017, respectively.

Deferred Compensation Plan

During 2018, the Company established a non-qualified deferred compensation plan for certain key members of executive management and invested proceeds in money market funds held inside a special trust called a rabbi trust. A rabbi trust is an arrangement that is used to accumulate assets that may be used to fund the Company's obligation to pay benefits under the deferred compensation plan. To prevent immediate taxation to the key members of executive management who participate in the deferred compensation plan, the amounts placed in the rabbi trust must remain subject to the claims of the Company's creditors.

The plan allows for discretionary employer contributions based on profit goals and actual profits. The contributions are subject to a tiered vesting schedule based on years of service counted from 2018 forward and employees and therefore contributions are subject to forfeitures based on provisions in the plan document.

The amount recognized as new investment in the balance sheet was \$18,500 as of December 31, 2019. The corresponding deferred compensation liability is reflected in accrued expenses in the amount of \$18,500 as of December 31, 2019.

8. EFFECTS OF IMPLEMENTATION OF ASU 2014-19 (ASC 606)

As described in Note 2, the Company implemented ASU 2014-19 on January 1, 2019 using the full-retrospective approach. As a result, certain previously reported amounts at December 31, 2018 and 2017 have been restated.

Worldwide Refinishing Systems, Inc  
dba DreamMaker Bath & Kitchen by Worldwide  
Notes to Financial Statements  
December 31, 2019, 2018 and 2017

8. EFFECTS OF IMPLEMENTATION OF ASU 2014-19 (ASC 606) (continued)

The following table shows the effects of the implementation of ASU 2014-19 as of December 31, 2017:

	Prepaid Expenses and Other Current Assets	Due from Ad Fund	Stockholder's Equity	Net Income
As previously reported December 31, 2017	\$ 40,267	\$ 35,841	\$ 751,923	\$ 149,206
Impact of implementation of ASU 2014-09	<u>79,415</u>	<u>(35,841)</u>	<u>43,575</u>	<u>(5,148)</u>
As restated December 31, 2017	<u>\$ 119,682</u>	<u>\$ -</u>	<u>\$ 795,498</u>	<u>\$ 144,058</u>

The following table shows the effects of the implementation of ASU 2014-19 as of December 31, 2018:

	Prepaid Expenses and Other Current Assets	Due from Ad Fund	Stockholder's Equity	Net Income
As previously reported December 31, 2018	\$ 36,460	\$ 77,437	\$ 853,225	\$ 101,302
Impact of implementation of ASU 2014-09	<u>77,818</u>	<u>(77,437)</u>	<u>3,258</u>	<u>(40,317)</u>
As restated December 31, 2018	<u>\$ 114,278</u>	<u>\$ -</u>	<u>\$ 856,483</u>	<u>\$ 60,985</u>

**EXHIBIT D**

**LIST OF CURRENT FRANCHISEES  
AND FRANCHISEES WHO LEFT THE SYSTEM**

**LIST OF CURRENT FRANCHISEES  
AS OF DECEMBER 31, 2019**

STATE	FRANCHISEE	ADDRESS	PHONE
<b>Alabama</b>	Ramcat Renovations, Corp Brent & Sue Bailey	2340 Pansy Street SW Huntsville, AL 35801	256-270-2211
<b>California</b>	Everett Gray & Sons, Inc. Everett Gray	5880 District Blvd., Suite 9 Bakersfield, CA 93313	661-834-4858
	Fred Chapman	1117 Bont Ln. Walnut Creek, CA 94596	925-458-6200
<b>Colorado</b>	Pinkerton Home & Garage Door, Inc. Michael Pinkerton	4425 Date St., Colorado Springs, CO 80917	719-636-2444
<b>Connecticut</b>	Paul T. Calafiore	65 Louis Street Newington, CT 06111	860-665-8094
<b>Florida</b>	Gribben Construction Company Edward Gribben, Sr.	6118 S. Federal Highway Stuart, FL 34997	772-288-6255
<b>Georgia</b>	KB Guys, Inc. Eric Anderson	904 W. Moring St Swainsboro, GA 30401	478-419-3600
<b>Illinois</b>	Top To Bottom Remodeling, Inc. Mark Mazza	1941 Wright Blvd. Schaumburg, IL 61093	847-592-5550
	Home Works, Inc. Curtis Allen Trampe	3730 Wabash Avenue Springfield, IL 62711	217-529-9300
	Kraftwerks Remodeling, Inc. Glen Borkowski	15645 S. 71 <sup>st</sup> Court Orland Park, IL 60462	708-429-6670
	Aukerman-Derouin, LLC Michael Aukerman	1000 Butterfield Rd., Suite 1001 Vernon Hills, IL 60061	847-232-6700
<b>Louisiana</b>	Mary K. Faia Salvadore Faia	3632 Florida Ave. Kenner, LA 70065	504-466-3625
<b>Michigan</b>	Steven Bird	16144 Middlebelt Road Livonia, MI 48154	734-390-9191
	Black Swan Properties, LLC Lee Willwerth	2333 E. Stadium Blvd. Ann Arbor, MI	734-669-4000
	Michael Fischer Builders, LLC Michael Fischer	1236-A Turner Street Lansing, MI 48906	866-698-2284
<b>Minnesota</b>	Odin Ventures, Inc. Lynn Monson	6801 Wayzata Blvd. St. Louis, MN 55426	612-417-9999
<b>Nevada</b>	Shawn Colvin	740 Del Monte Lane, #8 Reno, NV 89511	805-202-9260
<b>North Carolina</b>	Anderson-Moore Builders, Inc. Erik Anderson Tracy Moore	425 West End Blvd. Winston-Salem, NC 27101	336-722-3625
	Brad Jacobs	7134 Market Street, Suite 2 Wilmington, NC 28411	910-408-4848
<b>Ohio</b>	Steve Miller	4981 Highview Drive Fredericksburg, OH 44627	330-695-9991
<b>Oregon</b>	Bender Industrial Group, Inc. Josef Bender	13227 SW Canyon Rd., Suite D Beaverton, OR 97005	503-295-2284
<b>Pennsylvania</b>	D.E.R. Construction, Inc. Dale Eugene Ressler	2548 River Road Bainbridge, PA 17502	717-367-9753
	Albert Koval	3401 Saw Mill Run Blvd. Pittsburgh, PA 15227	412-885-4440
<b>S. Carolina</b>	J. D. Norris Construction Co.	28 St. Phillip Road	803-592-9191

STATE	FRANCHISEE	ADDRESS	PHONE
	James Daniel Norris	Beach Island, SC 29842	
	Michael F. Pittman Weldon Holtzclaw, Jr.	740 Congaree Road Greenville, SC 29607	864-370-2284
Texas	SAL Ventures Ltd. Steven P. Betts	5720 40 <sup>th</sup> St. Lubbock, TX 79407	806-687-1212
	Snyder Family Properties, Inc. John Snyder	4710 West Waco Dr. Waco, TX 76710	254-523-6699
	Roger Williams	16700 FM 2493, Suite 500 Tyler, TX 75703	903-525-6161
Utah	Nate Coombs	1523 E. Skyline Dr., Suite A Ogden, UT 84405	801-476-4222
Virginia	Steve Everett	23 Commerce Parkway, Suite 108 Fredericksburg, VA 22406	540-371-3625
Washington	Provision NW, LLC Ronald Andrew Faber	3311 Northwest Avenue Bellingham, WA 98225	360-738-8525
Wisconsin	JS Design Engineering Corporation Jay L. Nutting	17622 Burlington Rd., Suite 3 Union Grove, WI 53182	262-597-7171

**LIST OF FRANCHISEES  
WITH FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED  
AS OF DECEMBER 31, 2019**

STATE	FRANCHISEE	ADDRESS	PHONE
Florida	Antonio Almada	2039 Harrison Street Hollywood, FL 33020	305-925-5999
Tennessee	George Sultani	224 Gayle Drive Clarksdale, MS 38614	901-871-0011
Wisconsin	Michal Neckar	4317 Kennedy Road Madison, WI 53704	608-535-5995

## LIST OF FRANCHISEES WHO LEFT THE SYSTEM

The following is a list of franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year ending December 31, 2019, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

### 100% Transfer of Interest:

Franchisee	City	State	Telephone or E-Mail

### Terminations:

Franchisee	City	State	Telephone or E-Mail
Richard Brausch	Concord	NC	704-214-3612
Robert Swift	Grand Rapids	MI	616-481-6636
Steve Miller	Fredericksburg	OH	330-465-2078

### Non-Renewals:

Franchisee	City	State	Telephone or E-Mail
David Asbridge	Rapid City	SD	605-484-4129

### Reacquired by Franchisor:

Franchisee	City	State	Telephone or E-Mail

### Ceased Operations Other:

Franchisee	City	State	Telephone or E-Mail

**EXHIBIT E**

**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS/  
AGENTS FOR SERVICE OF PROCESS**

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

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	California Department of Business Oversight 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500	Department of Business Oversight Division of Corporations 320 W. 4th Street, Suite 750 Los Angeles, California 90013
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2727	
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street Room E-111 Indianapolis, Indiana 46204
MARYLAND	Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 W. Ottawa St. G. Mennen Williams Bldg., 1 <sup>st</sup> Floor Lansing, Michigan 48913 (517) 373-7117	Michigan Department of Attorney General Consumer Protection Division Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg. 1 <sup>st</sup> Floor Lansing, Michigan 48913
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, New York 10005 (212) 416-8236	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	Office of Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
RHODE ISLAND	Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9500	
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid Pierre, SD 57501 (605) 773-4823	
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission Tyler Building, 1 <sup>st</sup> Floor 1300 East Main Street Richmond, Virginia 23219
WASHINGTON	Director of the Department of Financial Institutions Securities Division - 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760	Director of Department of Financial Institutions 150 Israel Road, S.W. Tumwater, Washington 9850
WISCONSIN	Franchise Administrator Division of Securities 345 W. Washington Avenue Madison, WI 53703 (608) 266-3432	Commissioner of Securities of Wisconsin 345 West Washington Street 4 <sup>th</sup> Floor Madison, Wisconsin 53703
OTHER STATES	N/A	Carly Kennett 510 N. Valley Mills Drive, Suite 304, Waco TX 76710

**EXHIBIT F**  
**ADDITIONAL FORMS AND AGREEMENTS**



**EXHIBIT F-2**

**PROMISSORY NOTE AND SECURITY AGREEMENT**

**DATE:** \_\_\_\_\_

**DEBTOR:** \_\_\_\_\_

**DEBTOR'S MAILING ADDRESS:** \_\_\_\_\_

**SECURED PARTY:** WORLDWIDE REFINISHING SYSTEMS, INC., a Texas corporation  
d/b/a DREAMMAKER BATH & KITCHEN BY WORLDWIDE

**SECURED PARTY'S MAILING ADDRESS:** 510 N. Valley Mills Dr. Suite 304  
Waco, Texas 76710

**PRINCIPAL:** \_\_\_\_\_ **AND 00/100 DOLLARS (\$\_\_\_\_.\_\_\_\_)**

**INTEREST:** \_\_\_\_\_ percent (\_\_\_\_%) per annum on unmatured, unpaid PRINCIPAL beginning thirty (30) days before the due date of the first payment and the maximum legal rate of interest on matured, unpaid amounts from the date of maturity.

**PAYMENT TERMS:**

The principal and interest of this note shall be payable in monthly installments of \_\_\_\_\_ **AND 00/100 DOLLARS (\$\_\_\_\_)** each, beginning on \_\_\_\_\_ and continuing on the first day of each month thereafter until \_\_\_\_\_ when the entire principal balance and any accrued, unpaid interest is due in full. By execution of the ACH Origination Authorization attached hereto, DEBTOR authorizes SECURED PARTY and the financial institution named thereon to make the foregoing payments from DEBTOR'S account until DEBTOR cancels such automatic draft in accordance with the terms of the Authorization or this note is paid in full.

DEBTOR promises to pay PRINCIPAL and INTEREST according to the PAYMENT TERMS to the order of SECURED PARTY. This note may be prepaid in any amount at any time before maturity without penalty. Installments shall continue to be payable regularly after any partial payment unless and until this note has been fully paid. INTEREST shall be calculated on the unpaid PRINCIPAL to the date of any payment or prepayment, with that payment or prepayment being credited first to pay the accrued INTEREST and then to reduce the PRINCIPAL.

IF DEBTOR defaults in the payment of any indebtedness or the performance of any obligations under this document or any document collateral to it, including, without limitation, the Franchise Agreement by and between DEBTOR and SECURED PARTY, or DEBTOR sells, assigns or transfers the Franchise or the Franchise Agreement to a third party, SECURED PARTY may declare the unpaid PRINCIPAL and earned INTEREST immediately due. DEBTOR and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate, notices of acceleration, protests and notices of protest to the extent permitted by law.

If this document or any document collateral to it, including, without limitation, the Franchise Agreement, is given to an attorney for collection or enforcement, is collected or enforced after suit is brought for that purpose or is collected or enforced through probate, bankruptcy or other judicial proceeding, DEBTOR shall pay SECURED PARTY all costs of collection and enforcement (including, without limitation, reasonable attorney's fees and court costs) in addition to amounts due. Reasonable attorney's fees shall be ten percent (10%) of all amounts due unless plead otherwise.

Interest on any indebtedness under this document or any document collateral to it shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged or received under law. Any interest in excess of that maximum amount shall be credited on the principal of the indebtedness or, if that has been paid, refunded. Any such excess resulting from any acceleration or prepayment shall be canceled automatically or, if already paid, credited on the unpaid principal of the indebtedness or, if the principal of the indebtedness has been paid, refunded. This provision overrides other provisions in this and all other instruments.

If any installment of this note is not paid within thirty (30) days of its due date, a late charge in the amount of FIVE AND NO/100 DOLLARS (\$5.00) per payment will be paid by DEBTOR upon demand as compensation for any expense or inconvenience incurred in collecting that delinquent installment. DEBTOR is not hereby authorized to be delinquent in paying any installment. Any demand for a late charge shall not affect any other remedies available.

If any draft or check is returned by DEBTOR'S financial institution for insufficient funds or any other reason, SECURED PARTY is entitled to reimbursement from DEBTOR in the amount of TWENTY FIVE AND 00/100 DOLLARS (\$25.00). Any demand for reimbursement shall not in any manner affect any other remedies available.

**COLLATERAL:**

All present and after-acquired personal property including, without limitation, all fixtures, furniture, leasehold improvements, furnishings, materials, supplies, equipment, goods, machinery, general intangibles, money, accounts, inventory, chattel paper, documents, instruments and other personal property of any kind whatsoever now or hereafter owned, acquired or used by DEBTOR in any manner in connection with the DREAMMAKER BATH & KITCHEN BY WORLDWIDE Franchise or any other business which has provided or is providing services in any manner related to residential and commercial bathroom, kitchen, closets, and other interior or exterior remodeling; remodeling alternatives, including, without limitation, cabinet refacing, installation of tubliner and wall systems, and related repair work and services; and/or selling related proprietary and non-proprietary products and materials thereto or therefrom.

DEBTOR grants SECURED PARTY a security interest in the COLLATERAL to secure the payment of all indebtedness owed and the performance of all obligations performable by DEBTOR to or for SECURED PARTY (including, without limitation, all indebtedness and obligations under this document or any document collateral to it).

SECURED PARTY'S sole duty with respect to the custody, safekeeping and physical preservation of COLLATERAL in its possession or under its control will be to use reasonable care in the custody and preservation of such COLLATERAL. DEBTOR agrees that SECURED PARTY will be deemed to have used reasonable care in the custody and preservation of COLLATERAL if SECURED PARTY deals with such COLLATERAL in the same manner as SECURED PARTY deals with similar property for its own account and, to the extent permitted by applicable law. SECURED PARTY need not take any steps to preserve rights against any other person or entity. Neither SECURED PARTY nor any of its directors, officers, employees or agents will be liable for failure to demand, collect or realize upon the COLLATERAL or will be under any obligation to sell or otherwise dispose of any COLLATERAL.

DEBTOR confirms that value has been given, that DEBTOR has rights in the COLLATERAL, and that DEBTOR and SECURED PARTY have not agreed to postpone the time for attachment of the security interest to any of the COLLATERAL. In respect of COLLATERAL which is acquired after the execution date of this Promissory Note and Security Agreement, the time for attachment will be the time when DEBTOR acquires such COLLATERAL.

## **DEBTOR'S WARRANTIES AND COVENANTS:**

DEBTOR warrants and represents that: 1) no financing statement covering the COLLATERAL is filed in any public office; 2) DEBTOR owns the COLLATERAL and has the authority to grant this security interest; 3) none of the COLLATERAL is or will be affixed to real estate, an accession to any goods, commingled with other goods, or a fixture, accession or part of a product or mass with other goods; 4) all information about DEBTOR'S financial condition provided to SECURED PARTY was accurate when submitted, as will be any information subsequently provided; 5) DEBTOR will defend the COLLATERAL against all claims and demands adverse to SECURED PARTY'S interest in it; 6) the COLLATERAL will remain in DEBTOR'S possession or control at all times; 7) DEBTOR will maintain the COLLATERAL in good condition and protect it against misuse, abuse, waste and deterioration except for ordinary wear and tear resulting from its intended use; 8) DEBTOR will insure the COLLATERAL in accordance with SECURED PARTY'S reasonable requirements regarding choice of carrier, casualties insured against and amount of coverage; 9) policies will be written in favor of DEBTOR and SECURED PARTY according to their respective interests or according to SECURED PARTY'S other requirements; 10) all policies shall provide that the SECURED PARTY will receive at least ten (10) days' notice before cancellation, and the policies or certificates evidencing them will be provided to SECURED PARTY when issued; 11) DEBTOR assumes all risk of loss damage to the COLLATERAL to the extent of any deficiency in insured coverage; 12) DEBTOR irrevocably appoints SECURED PARTY as DEBTOR'S attorney-in-fact to collect on DEBTOR'S behalf any returned unearned premiums and proceeds of any insurance on the COLLATERAL and to endorse any draft or check deriving from the policies and made payable to DEBTOR; 13) DEBTOR will pay all expenses incurred by SECURED PARTY in obtaining, preserving, perfecting, defending and enforcing this document, any document collateral to it or the COLLATERAL (expenses for which DEBTOR is liable include, without limitation, taxes, assessments, reasonable attorney's fees and other legal expenses, these expenses will bear interest from the dates of payments at the highest legal rate of interest, and DEBTOR will pay SECURED PARTY this interest on demand at a time and place reasonably specified by SECURED PARTY); 14) DEBTOR will sign any papers that SECURED PARTY considers necessary to obtain, maintain and perfect this security interest or to comply with any relevant law; 15) DEBTOR will immediately notify SECURED PARTY of any material change in the COLLATERAL, of any change in DEBTOR'S name, address or location, of any change in any matter warranted or represented in this document or any document collateral to it, of any change that may affect the security interest in the COLLATERAL and of any event of default; 16) without SECURED PARTY'S prior written consent, DEBTOR will not sell, transfer or encumber any of the COLLATERAL other than inventory, which may be sold in the ordinary course of business; 17) DEBTOR will maintain accurate books and records covering the COLLATERAL; and 18) DEBTOR will furnish SECURED PARTY any requested information related to the COLLATERAL and DEBTOR will allow SECURED PARTY, at any time and place, to inspect the COLLATERAL and all records describing or related to the COLLATERAL.

## **EVENTS OF DEFAULT:**

Each of the following conditions is an event of default: 1) if DEBTOR defaults in the timely payment or performance of any indebtedness, obligation, covenant or liability in this document, in any document collateral to it, including, without limitation, the Franchise Agreement, or in any other agreement between DEBTOR and SECURED PARTY; 2) if any warranty, covenant or representation made to SECURED PARTY by or on behalf of DEBTOR proves to have been false or incomplete in any material respect when made; 3) if a receiver is appointed for DEBTOR or any of the COLLATERAL or if the COLLATERAL is assigned for the benefit of creditors or, to the extent permitted by law, if bankruptcy or insolvency proceedings are commenced against or by DEBTOR, any partnership of which DEBTOR is a general partner or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party or other person liable on or for any part of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it; 4) if any lien attaches to any of the COLLATERAL; and 5) if

any of the COLLATERAL is lost, stolen, damaged or destroyed, unless it is promptly replaced with collateral of like quality or restored.

#### **REMEDIES OF SECURED PARTY UPON DEFAULT:**

Upon any event of default, SECURED PARTY may: 1) declare the unpaid PRINCIPAL and earned INTEREST immediately due in whole or part; 2) terminate the Franchise Agreement upon notice to DEBTOR (unless default is for nonpayment, in which case SECURED PARTY may terminate the Franchise Agreement upon notice to DEBTOR if, fifteen (15) days after receipt of such notice, DEBTOR has not cured the default); and 3) enforce the payment of indebtedness and performance of obligations by DEBTOR under this document and any document collateral to it and exercise any rights and remedies granted by this document, any document collateral to it or by the Texas Uniform Commercial Code, including, without limitation, the following: a) require DEBTOR to deliver to SECURED PARTY all books and records relating to the COLLATERAL; b) require DEBTOR to assemble the COLLATERAL and make it available to SECURED PARTY at a place reasonably convenient to both parties; c) take possession of any of the COLLATERAL and for this purpose enter any premises where it is located; d) sell, lease or otherwise dispose of any of the COLLATERAL in accord with the rights, remedies and duties of a secured party under Chapters 2 and 9 of the Texas Uniform Commercial Code after giving notice as required by those chapters; e) surrender any insurance policies covering the COLLATERAL and receive the unearned premium; f) apply any proceeds from disposition of the COLLATERAL after default in the manner specified in Chapter 9 of the Texas Uniform Commercial code, including, without limitation, payment of SECURED PARTY'S reasonable attorney's fees and court expenses; and g) if the proceeds from any disposition are inadequate, collect the deficiency.

#### **GENERAL PROVISIONS:**

1. SECURED PARTY'S rights under this document shall inure to the benefit of its successors and assigns.
2. Neither delay in exercise nor partial exercise of any of SECURED PARTY'S remedies or rights shall waive further exercise of those remedies or rights. SECURED PARTY'S failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. SECURED PARTY'S waiver of any default does not waive further default. SECURED PARTY may remedy any default without waiving the default.
3. If DEBTOR fails to perform any of DEBTOR'S obligations, SECURED PARTY may perform those obligations and be reimbursed by DEBTOR on demand for any sums so paid (including, without limitation, attorney's fees and other legal expenses) plus interest on those sums from the dates of payment at the maximum legal rate of interest. The sum to be reimbursed shall be secured by the security interest under this document.
4. No provisions of this document shall be modified or limited except by written agreement.
5. The unenforceability of any provision will not affect the enforceability or validity of any other provision.
6. This document and the agreement evidenced thereby is to be construed according to Texas laws. All indebtedness is payable and all obligations are performable in Waco, McLennan County, Texas.
7. A carbon, photographic, electronic or other reproduction of this Promissory Note and Security Agreement or any financing statement covering the COLLATERAL is sufficient as a financing statement.
8. If the COLLATERAL is sold after default, recitals in the transfer document will be prima facie evidence of their truth, and all prerequisites to the sale specified herein and by the Texas UCC will be presumed satisfied.

9. The security interest under this document shall neither affect nor be affected by any other security for any of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it. Neither extensions of any of that indebtedness or those obligations nor releases of any of the COLLATERAL will affect the priority or validity of the security interest under this document.
10. Foreclosure of the security interest under this document by suit shall not limit SECURED PARTY'S remedies, including, without limitation, the right to sell the COLLATERAL. All remedies of SECURED PARTY may be exercised at the same or different times, and no remedy shall be a defense to any other. SECURED PARTY'S rights and remedies include all those granted in this document, by law or otherwise.
11. DEBTOR'S appointment of SECURED PARTY as DEBTOR'S attorney-in-fact or agent is coupled with an interest and will specifically survive any death or disability of DEBTOR.
12. As used in this document and unless the context requires another construction, the masculine, feminine and neuter gender shall each include the others and the singular and plural case shall each include the other.
13. DEBTOR acknowledges receipt of an executed copy of this document. DEBTOR waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of SECURED PARTY to deliver to DEBTOR a copy of any financing statement or any statement issued by any entity that confirms registration of a financing statement.

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(Signature)

**PROMISSORY NOTE**

\$ \_\_\_\_\_

**(Date)**

**WACO, MCLENNAN COUNTY, TEXAS**

FOR VALUE RECEIVED, \_\_\_\_\_, whose address is \_\_\_\_\_ ("Maker"), hereby promises and agrees to pay to the order of Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE**, having a principal place of business at 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Company"), the principal sum of \_\_\_\_\_ **AND**    /100 **DOLLAR**     **S (\$**  **)** on or before \_\_\_\_\_, when the entire principal balance is due in full. This Note shall bear no interest if paid in full by the due date. Thereafter, this Note shall bear interest at the highest rate allowed by law.

Prepayment may be made in whole or in part at any time. All payments, including any prepayment, will be applied first to accrued interest and then to principal. Maker and any surety, endorser and guarantor of this Note hereby waive demand, presentment, notice of dishonor, diligence in collection, and notice of protest, and agree to all extensions and partial payments before or after maturity without prejudice to Company.

Maker acknowledges that time is of the essence in paying this Note no later than the due date. If Maker fails to do so, Company may, at its option, demand payment in full of principal and accrued interest. If Maker fails to pay according to the terms of this Note, Maker will pay Company all costs, including reasonable attorney's fees that Company incurs in attempting to collect the amount Maker owes under this Note.

\_\_\_\_\_  
Signature of Maker

**EXHIBIT F-3**

**EXISTING BUSINESS ADDENDUM**

This EXISTING BUSINESS ADDENDUM is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with a principal place of business at 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into an agreement pursuant to which Franchisor has granted Franchisee a license and obligation to establish and operate a Franchise using the Marks and the System in and for the Territory ("Franchise Agreement");

WHEREAS, Franchisee operates an existing business which is similar, in whole or in part, to the Franchise to be operated under the Agreement ("Existing Business");

WHEREAS, in consideration of a "roll-in" from the Existing Business the Franchisor wishes to make certain concessions with respect to, and to this end amend, select terms and fees under the Franchise Agreement; and

WHEREAS, Franchisee hereby represents and warrants to Franchisor that the Existing Business has fully empowered Franchisee to execute this Existing Business Addendum, and that all necessary action for the execution of this Existing Business Addendum has been taken.

NOW, THEREFORE, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects, except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

2. Definitions. The following terms shall have the following definitions:

“Roll-In Start Date” means the first Monday after Franchisee’s completion of Waco Training or 60 days after the Effective Date of the Franchise Agreement, whichever occurs first.

“Full Roll-In Period” means the period that begins on the Roll-In Start Date and ends on \_\_\_\_\_, and is comprised of the First Roll-In Period and the Second Roll-In Period. “First Roll-In Period” means the period that begins on the Roll-In Start Date and ends on \_\_\_\_\_. “Second Roll-In Period” means the period that begins on expiration of the First Roll-In Period and ends on expiration of the Full Roll-In Period.

“Roll-In Amount” means \$\_\_\_\_\_.

3. The Franchise Agreement is supplemented to include the following provision:

Recognizing that the trade name associated with the Existing Business (“Existing Business Trade Name”) has accumulated goodwill, and that Franchisee’s right to continue such use for a limited period will assist Franchisee in retaining existing customers, the parties agree that Franchisee shall have the right to use such trade name in conjunction with the Marks for the Co-Brand Term reflected below:

Existing Business Trade Name	Co-Brand Term

Before beginning operations, Franchisee shall submit to Franchisor, for Franchisor's written approval, all advertising that includes the Existing Business Trade Name. Franchisee shall not use any logos or marks associated with the Existing Business other than the Existing Business Trade Name. Franchisee shall not alter or modify the Marks to include the Business Trade Name, or create a new logo incorporating the Existing Business Trade Name. During the Co-Brand Term, Franchisor may allow a reference to Existing Business Trade Name on Franchisor's website. Upon expiration of the Co-Brand Term, Franchisee shall cease all use of the Existing Business Trade Name, and all references thereto shall be removed immediately from the website and from all forms of advertising, including vehicle wraps.

The parties also both agree and acknowledge that Franchisee's use of the Existing Business Name, except as expressly authorized by this provision, will serve to dilute the Marks and the goodwill symbolized by the Marks. Accordingly, if Franchisee violates the terms hereof, Franchisee agrees to pay Franchisor liquidated damages as follows: for each individual violation of this provision after expiration of the Co-Brand Term, Franchisee shall pay to Franchisor a lump sum equal to \$2,500 and receive a 30-day cure period to remove the specific reference to the Existing Business Trade Name. Violation of this provision constitutes a material breach of this Agreement, for which Franchisor may terminate pursuant to Section 12.B. If Franchisee has failed and/or refused to remove the reference identified in the cure notice during the 30-day cure period, then Franchisee shall pay an amount equal to \$500 per day thereafter until the specific reference is removed. For example, and for avoidance of doubt, if after expiration of the Co-Brand Term, Franchisee fails to remove the Existing Business Trade Name from its vehicle wrap and from certain sales literature, two violations have occurred and Franchisee initially shall be responsible for payment of \$5,000 (\$2,500 multiplied by two violations). Payment of such sums by Franchisee shall be due immediately upon demand. Franchisor and Franchisee agree that the liquidated damages amount established in this provision represents a reasonable estimation of actual damages that Franchisor will sustain as a result of such violation and is not a penalty.

4. Section 3.A., **Initial Franchise Fee**, is amended to provide that Franchisor and Franchisee hereby agree that the initial franchise fee shall be discounted by \_\_\_% based on Franchisee's agreement to "roll-in" the Roll-In Amount, and such discounted amount is reflected on Exhibit B-1 to the Agreement.

5. Section 3.D., **Definition of Gross Sales**, is amended to provide that Franchisee hereby "rolls-in" to the Franchise all gross sales generated by the Existing Business for work which constitutes the core business of the Franchise as described in the Agreement. The customers that generated these Existing Business gross sales are assigned to the Franchise.

6. Section 3.E., **Royalty Fee, Training Fees, and Continuing Education Fees**, is amended to provide that:

(a) During the First Roll-In Period, Franchisee shall pay \$\_\_\_\_\_ (the "Roll-In Royalty Payment"), representing three percent (3%) of the average weekly Roll-In Amount. If the average weekly Roll-In Amount is less than \$4,000, Franchisee's Roll-In Royalty Payment shall increase to \$120 per week beginning on \_\_\_\_\_ [insert date that begins the 17<sup>th</sup> week after the Roll-In Start Date].

(b) In addition to the Roll-In Royalty Payment, should Franchisee attain a cumulative Gross Sales amount exceeding \$\_\_\_\_\_ during the First Roll-In Period (the "Excess Amount"), Franchisee shall pay the weekly Royalty Fee specified in Section 3.E. of the Franchise Agreement on the Excess Amount through the First Roll-In Period.

(c) When the Second Roll-In Period begins, the cumulative Gross Sales calculation will restart and Franchisee shall, once more, begin the period paying only the Roll-In Royalty Payment. Should Franchisee attain a cumulative Gross Sales amount exceeding \$\_\_\_\_\_ during the Second Roll-In Period (the "Excess Amount"), Franchisee shall pay the weekly Royalty Fee

specified in Section 3.E. of the Franchise Agreement on the Excess Amount through the Second Roll-In Period.

7. Section 3.F., **Minimum Gross Sales Volume and Minimum Royalty Fee**, is amended to provide that, upon expiration of the Full Roll-In Period, Franchisee shall no longer pay the Roll-In payment but will pay to Franchisor the Royalty Fee as calculated under Section 3.E. of the Franchise Agreement.

8. Section 3.G., **MAP Fee**, is amended to provide that:

(a) During the Full Roll-In Period, Franchisee shall pay a weekly Roll-In MAP Payment of \$\_\_\_\_, which is one percent (1%) of \$\_\_\_\_\_, the weekly Gross Sales being "rolled in," unless stated otherwise herein.

(b) In addition to the Roll-In MAP Payment, should Franchisee attain a cumulative Gross Sales amount exceeding \$\_\_\_\_\_ during the First Roll-In Period (the "Excess Amount"), Franchisee shall pay the weekly MAP Fee specified in Section 3.G. of the Franchise Agreement on the Excess Amount through the First Roll-In Period.

(c) When the Second Roll-In Period begins, the cumulative Gross Sales calculation will restart and Franchisee shall, once more, begin the period paying only the Roll-In MAP Payment. Should Franchisee attain a cumulative Gross Sales amount exceeding \$\_\_\_\_\_ during the Second Roll-In Period (the "Excess Amount"), Franchisee shall pay the weekly MAP Fee specified in Section 3.G. of the Franchise Agreement on the Excess Amount through the Second Roll-In Period.

Upon expiration of the Initial Roll-In Period and through the end of the Term, Franchisee shall no longer pay a Roll-In MAP Payment. Franchisee shall, however, pay a weekly MAP Fee as calculated under Section 3.G. of the Franchise Agreement.

9. Section 5.A., **Manner of Operation; Best Efforts; Cooperation with Franchisor; Limitation of Services**, is amended to provide that the business and customers which were "rolled-in" from the Existing Business shall not be excluded from the Agreement.

10. Section 10.C., **In-Term and Post-Term Covenants**, is amended to provide that the business and customers which were "rolled-in" shall not be excluded from the Agreement.

11. **Capitalization**. All capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**EXHIBIT F-4**

**EXISTING BUSINESS ADDENDUM**

**Large Roll-in**

This EXISTING BUSINESS ADDENDUM is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** with a principal place of business at 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 ("Franchisor") and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into an agreement pursuant to which Franchisor has granted Franchisee a license and obligation to establish and operate a Franchise using the Marks and the System in and for the Territory ("Franchise Agreement");

WHEREAS, Franchisee operates an existing business which is similar, in whole or in part, to the Franchise to be operated under the Agreement ("Existing Business");

WHEREAS, in consideration of a "roll-in" from the Existing Business the Franchisor wishes to make certain concessions with respect to, and to this end amend, select terms and fees under the Franchise Agreement; and

WHEREAS, Franchisee hereby represents and warrants to Franchisor that the Existing Business has fully empowered Franchisee to execute this Existing Business Addendum, and that all necessary action for the execution of this Existing Business Addendum has been taken.

NOW, THEREFORE, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

2. Definitions. The following terms shall have the following definitions:

“Roll-In Start Date” means the first Monday after Franchisee’s completion of Waco Training or 60 days after the Effective Date of the Franchise Agreement, whichever occurs first.

“Roll-In Amount” means \$ \_\_\_\_\_.

3. The Franchise Agreement is supplemented to include the following provision:

Recognizing that the trade name associated with the Existing Business (“Existing Business Trade Name”) has accumulated goodwill, and that Franchisee’s right to continue such use for a limited period will assist Franchisee in retaining existing customers, the parties agree that Franchisee shall have the right to use such trade name in conjunction with the Marks for the Co-Brand Term reflected below:

Existing Business Trade Name	Co-Brand Term

Before beginning operations, Franchisee shall submit to Franchisor, for Franchisor’s written approval, all advertising that includes the Existing Business Trade Name. Franchisee shall not use any logos or marks associated with the Existing Business other than the Existing Business Trade Name. Franchisee shall not alter or modify the Marks to include the Business Trade Name, or create a new logo incorporating

the Existing Business Trade Name. During the Co-Brand Term, Franchisor may allow a reference to Existing Business Trade Name on Franchisor's website. Upon expiration of the Co-Brand Term, Franchisee shall cease all use of the Existing Business Trade Name, and all references thereto shall be removed immediately from the website and from all forms of advertising, including vehicle wraps.

The parties also both agree and acknowledge that Franchisee's use of the Existing Business Name, except as expressly authorized by this provision, will serve to dilute the Marks and the goodwill symbolized by the Marks. Accordingly, if Franchisee violates the terms hereof, Franchisee agrees to pay Franchisor liquidated damages as follows: for each individual violation of this provision after expiration of the Co-Brand Term, Franchisee shall pay to Franchisor a lump sum equal to \$2,500 and receive a 30-day cure period to remove the specific reference to the Existing Business Trade Name. Violation of this provision constitutes a material breach of this Agreement, for which Franchisor may terminate pursuant to Section 12.B. If Franchisee has failed and/or refused to remove the reference identified in the cure notice during the 30-day cure period, then Franchisee shall pay an amount equal to \$500 per day thereafter until the specific reference is removed. For example, and for avoidance of doubt, if after expiration of the Co-Brand Term, Franchisee fails to remove the Existing Business Trade Name from its vehicle wrap and from certain sales literature, two violations have occurred and Franchisee initially shall be responsible for payment of \$5,000 (\$2,500 multiplied by two violations). Payment of such sums by Franchisee shall be due immediately upon demand. Franchisor and Franchisee agree that the liquidated damages amount established in this provision represents a reasonable estimation of actual damages that Franchisor will sustain as a result of such violation and is not a penalty.

4. Section 3.A., **Initial Franchise Fee**, is amended to provide that Franchisor and Franchisee hereby agree that the initial franchise fee shall be discounted by \_\_\_% based on Franchisee's agreement to "roll-in" the Roll-In Amount and such discounted amount is reflected on Exhibit B-1 to the Agreement.

5. Section 3.D., **Definition of Gross Sales**, is amended to provide that Franchisee hereby "rolls-in" to the Franchise all gross sales generated by the Existing Business for work which constitutes the core business of the Franchise as described in the Agreement. The customers that generated these Existing Business gross sales are assigned to the Franchise.

6. Section 3.E., **Royalty Fee, Training Fees, and Continuing Education Fees**, is amended to provide that:

(a) During the Initial Term of the Franchise Agreement, commencing on the Roll-In Start Date, Franchisee shall pay \$ \_\_\_\_\_ per week (the "Roll-In Royalty Payment"), representing \_\_\_\_\_ percent (\_\_\_\_%) of the average weekly Roll-In Amount.

(b) In addition to the Roll-In Royalty Payment, should Franchisee attain a cumulative Gross Sales amount exceeding the Roll-In Amount during any calendar year of the Initial Term of the Franchise Agreement (the "Excess Amount"), Franchisee shall pay the weekly Royalty Fee specified in Section 3.E. of the Franchise Agreement on the Excess Amount. Such amounts shall be pro-rated during any partial calendar year as follows: the Excess Amount will be the positive difference between actual Gross Sales and the Roll-In Amount, multiplied by a fraction, the numerator of which is the number of weeks remaining in the calendar year and the denominator of which is 52 (representing the number of weeks in a year).

(c) Upon expiration of the Initial Term and upon renewal of the Franchise Agreement, Franchisee shall pay as a Royalty Fee the greater of \$ \_\_\_\_\_ or the Royalty Fee as calculated under the then-current Franchise Agreement.

7. Section 3.F., **Minimum Gross Sales Volume and Minimum Royalty Fee**, is deleted in its entirety.

8. Section 3.G., **MAP Fee**, is amended to provide that:

(a) During the Initial Term, Franchisee shall pay a weekly Roll-In MAP Payment of \$\_\_\_\_, which is one percent (1%) of \$\_\_\_\_\_, the weekly Gross Sales being “rolled in,” unless stated otherwise herein.

(b) In addition to the Roll-In MAP Payment, should Franchisee attain a cumulative Gross Sales amount exceeding the Roll-In Amount during any calendar year during the Initial Term of the Franchise Agreement (the “Excess Amount”), Franchisee shall pay the weekly MAP Fee specified in this Section 3.G. of the Franchise Agreement on the Excess Amount. Such amounts shall be pro-rated during any partial calendar year as follows: the Excess Amount will be the positive difference between actual Gross Sales, and the Roll-In Amount multiplied by a fraction, the numerator of which is the number of weeks remaining in the calendar year and the denominator of which is 52 (representing the number of weeks in a year).

(c) Upon expiration of the Initial Term and upon renewal of the Franchise Agreement, Franchisee shall pay to Franchisor a weekly MAP Fee the greater of \$\_\_\_\_\_ or as calculated under the then-current Franchise Agreement.

9. Sections 5.A. and 5.G. are modified as follows:

Section 5.A., **Manner of Operation; Best Efforts; Cooperation with Franchisor; Limitation of Services**, is amended to provide that the business and customers which were “rolled-in” from the Existing Business shall not be excluded from the Agreement.

Section 5.G., **Insurance**, is amended to provide that if the gross sales that Franchisee “rolls-in” to the Franchise, as described in Section 4, above, equals \$1,500,000, Franchisee must obtain the amount of insurance, including without limitation, umbrella insurance, required for a Franchisee who had total Gross Sales of \$1,500,000 or more in the previous calendar year.

10. Section 10.C., **In-Term and Post-Term Covenants**, is amended to provide that the business and customers which were "rolled-in" shall not be excluded from the Agreement.

11. **Capitalization**. All capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

BY: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**EXHIBIT F-5**

**LEGAL ENTITY INFORMATION SHEET**

**Franchisee is a:**       *sole proprietorship*     *general partnership*                       *limited partnership*  
                                   *corporation*     *limited liability company*

**Name of Legal Entity:** \_\_\_\_\_

**State of Formation:** \_\_\_\_\_ **Date of Formation:** \_\_\_\_\_

**Operating Principal (Section 5.A.):** \_\_\_\_\_

**List of Shareholders/Members/Partners:**

<u>% Interest</u>	<u>Class/General or Limited Partner</u>	<u>Name</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Conditions:**

The legal entity’s activities must be confined exclusively to operating the Franchise, unless otherwise noted on Exhibit B-1 of the Franchise Agreement.

Each shareholder, member, partner or other beneficial owner must personally guarantee Franchisee’s performance under the Franchise Agreement.

The legal entity must maintain a current list of all shareholders, member, partners and other beneficial owners, and furnish an updated list to Franchisor on request.

<b><u>Organizing Documents:</u></b>	<u>Already Provided</u>	<u>To Be Provided Within 30 Days</u>	<u>Not Applicable</u>
Certificate and Articles of Incorporation or Organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certificate and Articles of Association or Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By-Laws, Operating Agreement or Partnership Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution Authorizing Franchise Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**EXHIBIT F-6**

**FINANCIAL INFORMATION SHEET**

*Name of Franchised Business (Legal Entity Name):* \_\_\_\_\_

*Balance sheet for existing business attached*

*Bank Statements/other information provided: (List)* \_\_\_\_\_

<b>Investment in Franchised Business</b>	
<b>Cash and Other Assets</b>	\$
Cash invested from owner(s):	
Fair Market Value of other assets invested (describe/itemize):	
<b>Borrowings</b>	\$
Proposed loan(s) from franchisor	
Other loans (describe/ itemize):	
Value of assets underlying leases:	
Vehicles:	
Other (describe):	
<b>Total investment (debt and equity) in franchised business</b>	

**THE UNDERSIGNED WARRANTS AND REPRESENTS THAT ALL OF THE INFORMATION IN THIS FINANCIAL INFORMATION SHEET AND ANY ATTACHMENTS IS TRUE AND CORRECT AS OF THIS DATE AND WILL REMAIN TRUE AND CORRECT AS OF THE EXECUTION OF THE FRANCHISE AGREEMENT AND/OR CLOSING OF THE LOAN FROM THE FRANCHISOR OR ITS AFFILIATE, AS THE CASE MAY BE. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES AND UNDERSTANDS THAT WORLDWIDE REFINISHING SYSTEMS, INC. AND ITS AFFILIATES ARE RELYING ON THIS**

**INFORMATION AND ALL OTHER INFORMATION PROVIDED BY THE UNDERSIGNED IN MAKING ITS DECISION TO OFFER A LOAN TO THE UNDERSIGNED; THAT ANY MISREPRESENTATIONS OR OMISSIONS IN ANY SUCH INFORMATION SHALL CONSTITUTE A MATERIAL DEFAULT UNDER THE FRANCHISE AGREEMENT, PROMISSORY NOTE AND/OR RELATED DOCUMENTS; AND THAT, IN THE EVENT ANY INTEREST IN THE FRANCHISED BUSINESS IS PROPOSED TO BE TRANSFERRED, INCLUDING A TRANSFER TO AN ENTITY WHOLLY OWNED BY THE UNDERSIGNED, THE REQUIRED CONSENT OF THE FRANCHISOR MAY BE CONDITIONED, AMONG OTHER THINGS ON FULL PAYMENT OF ANY OUTSTANDING LOANS TO THE FRANCHISOR AND ITS AFFILIATES OR MAINTENANCE OF A LEVEL OF INVESTMENT IN THE FRANCHISED BUSINESS THAT IS EQUAL TO OR GREATER THAN THE TOTAL INVESTMENT AMOUNT SHOWN ABOVE.**

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

**SIGNATURES:**

**Name of Franchised Business/Franchisee:** \_\_\_\_\_

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

**Print name:** \_\_\_\_\_

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

**Shareholders/Owners/Partners (All equity holders must sign):**

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

**[FOR WORLDWIDE REFINISHING SYSTEMS, INC. CENTRAL OFFICE USE ONLY]**

Total debt and equity:

\_\_\_\_\_

Total proposed loan amount:

\_\_\_\_\_

Loan amount as a percentage of total debt and equity:

\_\_\_\_\_

Accounting Department approval:

\_\_\_\_\_

Reviewed by:

\_\_\_\_\_

Date:

\_\_\_\_\_

Approved Y/N:

\_\_\_\_\_

## EXHIBIT F-7

### OPTION TO PURCHASE AGREEMENT

This OPTION TO PURCHASE AGREEMENT is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE**, having a principal place of business at 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 (“Franchisor”) and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) pursuant to which Franchisor granted Franchisee a license to use the Marks and the System to operate a Franchise in and for a geographical area described as \_\_\_\_\_ (the “Territory”) and Franchisee desires and Franchisor is willing to grant Franchisee an option to acquire \_\_\_\_\_ (the “Additional Territory”) in which to operate the Franchise.

NOW, THEREFORE, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Franchisor acknowledges and agrees that Franchisee has paid Franchisor the non-refundable sum of \$ \_\_\_\_\_, which shall be credited toward the initial franchise fee of \$ \_\_\_\_\_ for the Additional Territory upon Franchisee's exercise of this option.

2. Franchisee is hereby granted an option to acquire the rights to the Additional Territory for a period of \_\_\_\_\_ [one (1) year or eighteen (18) months in the case of a new “start-up business] from the effective date hereof (the “Option Period”), provided, however, that Franchisee must be in substantial compliance with the Agreement in order to exercise its option hereunder. All rights created hereunder shall terminate should Franchisee at any time be in material breach of the Agreement. So long as the foregoing conditions are fulfilled:

a. Franchisee may exercise this option at any time during the Option Period by notifying Franchisor in writing of Franchisee's intent to purchase the Additional Territory (if Franchisee does not notify Franchisor of its intent to exercise its option by the end of the Option Period, this option shall expire and the consideration paid shall be forfeited).

b. Franchisor shall deliver a franchise agreement (or an amendment adding the Additional Territory to Franchisee's existing franchise agreement) for the grant of the Additional Territory within 20 business days after receipt of Franchisee's notice.

c. Franchisee shall sign and return the franchise agreement (or amendment, as the case may be) and pay all initial franchise fees due thereunder within 10 business days after receipt of the franchise agreement; provided, however, that notwithstanding the foregoing, Franchisee shall always have until the end of the Option Period to execute the franchise agreement and pay all initial franchise fees due thereunder.

[The next page is the signature page.]

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

## EXHIBIT F-8

### RENEWAL ADDENDUM

This RENEWAL ADDENDUM is entered into by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE**, having a principal place of business at 510 N. Valley Mills Dr. Suite 304, Waco, Texas 76710 (“Franchisor”) and \_\_\_\_\_, individually, having an address of \_\_\_\_\_ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have entered into an agreement pursuant to which Franchisor has granted Franchisee a license, right and obligation to establish and operate a Franchise using the Marks and the System in and for the Territory (the “Original Franchise Agreement”);

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into an agreement pursuant to which Franchisor has granted Franchisee a renewal license, granting Franchisee the right and obligation to continue operation of a Franchise using the Marks and the System in and for the Territory (the “Agreement”); and

WHEREAS, the parties have agreed to alter the terms stated in the Agreement, as provided herein to reflect the parties intentions and the terms of renewal stated in the Original Franchise Agreement.

NOW, THEREFORE, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.
2. Franchisee hereby represents and warrants to Franchisor that all necessary action for the execution of this Renewal Addendum has been taken.
3. Section 3.A., **Initial Franchise Fee**, is amended to provide that no initial franchise fee shall be due.
4. Section 3.B., **Franchise Development Package Payment**, is amended to provide that Franchisee is not required to purchase the franchise development package.
5. Section 3.C., **Initial Advertising and Promotional Deposit**, is amended to provide that Franchisee is not required to pay to Franchisor an initial advertising and promotional deposit.
6. Section 3.D., **Initial Bookkeeping and Accounting Services Fee**, is amended to provide that Franchisee is not required to pay to Franchisor an initial bookkeeping and accounting services fee.
7. Section 3.E., **Design Center Buildout Deposit**, is amended to provide that Franchisee is not required to pay to Franchisor an initial design center buildout deposit.
8. Section 3.G., **Royalty Fee, Training Fees, and Continuing Education Fees**, is amended to provide that Franchisee must report and pay a weekly Royalty Fee beginning the first week of the Agreement at the rate stated in the Agreement.
9. Section 3.H., **Minimum Gross Sales Volume and Minimum Royalty Fee**, is amended to provide that the Royalty Fee begins with the first week of the term of the Agreement and the Royalty Fee is the greater of the Royalty Fee stated in the Agreement; or the Royalty Fee in the Original Franchise Agreement.

10. Section 3.I., **MAP Fee**, is amended to provide that Franchisee shall pay a MAP Fee beginning the first week of the term of the Agreement at the rate or amount set for the MAP Fee as stated in the Agreement.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**FRANCHISEE:**

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

Accepted as of the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_ in Waco, Texas.

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President &  
Chief Stewarding Officer

**EXHIBIT F-9  
LEASE RIDER**

THIS LEASE RIDER (“**Rider**”) is entered into this \_\_\_ day of \_\_\_\_\_, 2020, by and between Worldwide Refinishing Systems, Inc., a Texas corporation doing business as DreamMaker Bath & Kitchen By Worldwide (“**Franchisor**”), \_\_\_\_\_ (“**Franchisee**” or “**Tenant**”), and \_\_\_\_\_ (“**Landlord**”).

WHEREAS, Franchisor and Franchisee are parties to a franchise agreement, which is dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”), for the operation of a DREAMMAKER franchised business (the “**Franchised Business**”); and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the “**Lease**”), pursuant to which Franchisee will occupy premises located at \_\_\_\_\_ (the “**Premises**”) for the purpose of constructing and operating the Franchised Business in accordance with the Franchise Agreement; and

WHEREAS, Franchisor has the right to require Franchisee to agree to the terms contained in this Rider, and Landlord is willing to agree to the terms contained in this Rider so that Franchisor allows Franchisee to enter into the Lease.

NOW, THEREFORE, in consideration of Franchisor’s willingness to allow Franchisee to enter the Lease with Landlord, and in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of all of which the parties acknowledge, the parties agree as follows:

(a) Landlord acknowledges that Tenant is a franchisee of Franchisor and that the Franchised Business located at the Premises is operated under the DREAMMAKER franchise system, pursuant to a Franchise Agreement between Tenant and Franchisor. Landlord consents to Tenant’s use at the Premises of such marks and signs, decor items, color schemes, and related components of the DREAMMAKER system as Franchisor may prescribe for the Premises. During the term of the Franchise Agreement, the Premises may be used only for the operation of a DREAMMAKER Franchised Business and for no other purpose.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure (“**Franchisor Notice**”). Following Franchisor’s receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant’s default before Landlord shall exercise any of Landlord’s remedies arising as a consequence of Tenant’s default. Any such cure shall be effected within 15 days following Franchisor’s receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations, and conditions of the Lease.

(c) If Franchisor cures Tenant’s default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord’s receipt of Franchisor’s notice thereof), Landlord agrees, upon Franchisor’s written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant’s default, or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations, and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six months from the first date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six-month period, assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption and Landlord agrees not to impose an assignment fee or similar assessment, or to increase or accelerate rent under the Lease, in connection with such assignment. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

**(e)** If, during the six-month period set forth in Section (d)(1) above, or at any time after the assignment contemplated in Section (d)(2), Franchisor shall notify Landlord that Tenant's franchise is being granted to another DREAMMAKER franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any assignment fee or similar assessment or other cost requirement, provided that, said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

**(f)** Tenant will not assign or sublease the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

**(g)** Franchisor shall have the right to enter the Premises to make any modification or alteration Franchisor deems necessary to protect the DREAMMAKER system and trademarks (including, without limitation, remove all signs, advertising materials, displays, fixtures, proprietary equipment and inventory, and any other items which display the trademarks or are indicative of DREAMMAKER trade dress) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits, and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors, and assigns and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions, and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Rider.

**(h)** Landlord shall subordinate any lien in favor of Landlord created by the Lease to Franchisor. Landlord's rights to collect on any liens that Landlord files or attaches to Tenant's property rights shall be subordinate and inferior to Franchisor's lien rights against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Tenant and on the premises operated by Tenant under the Lease.

**(i)** Landlord shall not, during the term or any renewal or extension of the Lease, lease space in the same center as the Premises, or permit an assignment or transfer of space in the same center as the Premises, to another tenant that will use the premises primarily for the operation of a business that performs remodeling or restoration services.

**(j)** The provisions of this Rider will supersede and control any conflicting provisions of the Lease.

**(k)** All notices sent pursuant to this Rider shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 510 N. Valley Mills Drive, Suite 304, Waco, Texas 76710, Attention: President, which address may be changed by written notice to Landlord in the manner provided in the Lease.

IN WITNESS WHEREOF, the parties have executed this Rider as of the date first written above.

**FRANCHISEE:**

**LANDLORD:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISOR:**

WORLDWIDE REFINISHING SYSTEMS, INC.  
d/b/a DreamMaker Bath & Kitchen By Worldwide

By: \_\_\_\_\_  
Douglas A. Dwyer, President & CSO

**EXHIBIT F-10**

**GENERAL RELEASE**

This GENERAL RELEASE is made and executed by [NAME], individually (“you”), as of \_\_\_\_\_ (“Effective Date”).

WHEREAS, you entered into a franchise agreement dated \_\_\_\_\_ with Worldwide Refinishing Systems, Inc., a Texas corporation doing business as **DREAMMAKER BATH & KITCHEN BY WORLDWIDE** (“us”), and [describe facts].

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasor”), hereby release and forever discharge us and each of our predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasees”), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which, against Releasees, the Releasor ever had, now has or which Releasors hereinafter can, will or may have, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

Waiver of Section 1542 of the California Civil Code.

\_\_\_\_\_ (“Releasor”) for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

With respect to those claims being released, I acknowledge, for myself and on behalf of all persons acting by or through me, which I am releasing unknown claims and waive all rights I have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this paragraph, I shall be considered to be a creditor of DreamMaker Bath & Kitchen by Worldwide, and each of them.

[This Release Agreement will be modified as necessary for consistency with any state law regulating franchising.]

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

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

I hereby certify that before me, a notary public, personally appeared [NAME] who made oath in due form of law that s/he was executing the foregoing General Release for the purposes therein contained.

As witness, my hand and Notarial Seal on \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

**EXHIBIT G**  
**STATE EFFECTIVE DATES PAGE**

## 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	
Illinois	
Indiana	
Maryland	
Michigan	April 10, 2020
Minnesota	
New York	
Virginia	
Washington	
Wisconsin	

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

**EXHIBIT H**  
**RECEIPTS**

**RECEIPT  
(OUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Worldwide Refinishing Systems, Inc. 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, if applicable, 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, if applicable, 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 Worldwide Refinishing Systems, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agencies listed in Exhibit E.

The franchisor is Worldwide Refinishing Systems, Inc., a Texas corporation, 510 N. Valley Mills Dr., Suite 304, Waco, Texas 76710; phone: 800-583-9099.

Issuance Date: April 10, 2020

The franchise seller for this offering is (please complete):

Check All that Apply	Name	Principal Business Address	Telephone Number
	Doug Dwyer	510 N. Valley Mills Dr., Suite 304, Waco, TX 76710	800-583-9099
	John McCue	510 N. Valley Mills Dr., Suite 304, Waco, TX 76710	800-583-9099

I received a disclosure document with an issuance date of April 10, 2020 (or the date reflected on the State Effective Dates Page) with the following exhibits:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>A State Appendix</li> <li>B Franchise Agreement and Exhibits <ul style="list-style-type: none"> <li>B-1 Territory Description and Franchise Fee</li> <li>B-2 Domain Name License Agreement</li> <li>B-3 Confidentiality Agreement</li> <li>B-4 Technology Agreement</li> <li>B-5 Right of Publicity General Release</li> <li>B-6 Authorization for Release of Information</li> <li>B-7 State Specific Addenda</li> <li>B-8 Franchisee Disclosure Questionnaire</li> <li>B-9 Franchisee Disclosure Questionnaire – Transfer</li> </ul> </li> <li>C Financial Statements</li> <li>D List of Current Franchisees and Franchisee who Left the System</li> </ul> | <ul style="list-style-type: none"> <li>E State Administrators and Agents for Service of Process</li> <li>F Additional Forms and Agreements <ul style="list-style-type: none"> <li>F-1 ACH Authorization</li> <li>F-2 Promissory Note and Security Agreement</li> <li>F-3 Existing Business Addendum (optional)</li> <li>F-4 Existing Business Addendum – Large Roll-in (optional)</li> <li>F-5 Legal Entity Information Sheet</li> <li>F-6 Financial Information Sheet</li> <li>F-7 Option to Purchase Agreement</li> <li>F-8 Renewal Addendum</li> <li>F-9 Lease Rider</li> <li>F-10 General Release (sample)</li> </ul> </li> <li>G State Effective Dates Page</li> <li>H Receipt</li> </ul> |
|--|--|

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**RECEIPT  
(YOUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Worldwide Refinishing Systems, Inc. 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, if applicable, 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, if applicable, 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 Worldwide Refinishing Systems, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agencies listed in Exhibit E.

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|--|--|

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name