

## FRANCHISE DISCLOSURE DOCUMENT



### Shine Window Care and Holiday Lighting SHINE DEVELOPMENT INC.

1017 Ranch Road 620 South, Suite 101  
Lakeway, TX 78734  
800-513-1794

[www.shinewindowcare.com](http://www.shinewindowcare.com)

[www.shineholidaylighting.com](http://www.shineholidaylighting.com)

You will own and operate a business as a window cleaning, pressure washing, house detailing, and holiday lighting service provider. You will offer and sell window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house detailing, and holiday light hanging services for homes and businesses. You will provide the services and products operating under the Marks and using the System.

The total investment necessary to begin operation of a Shine franchise is \$96,090 to \$141,600. This includes \$74,900 which must be paid to us.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Administration Department at 1017 Ranch Road 620 South, Suite 101, Lakeway, TX 78734 or [chris@shineinfo.com](mailto:chris@shineinfo.com). The terms of your contract govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 1877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](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 26, 2019, as amended July 23, 2019

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state administrator listed in Exhibit E for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN TEXAS. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN TEXAS THAN IN YOUR HOME STATE.
2. ANY DISPUTES NOT SUBJECT TO ARBITRATION MUST BE RESOLVED BY LITIGATION IN TEXAS. IT MAY COST YOU MORE TO LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE. THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS (PERHAPS INCLUDING YOUR HOUSE) AT RISK IF YOUR FRANCHISE FAILS.
4. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF TERRITORIAL RIGHTS, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.
5. YOU MUST MAKE MINIMUM ROYALTY PAYMENTS OR ADVERTISING CONTRIBUTIONS REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THESE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
6. YOU MUST PURCHASE ALL OR NEARLY ALL INVENTORY & SUPPLIES NECESSARY TO OPERATE YOUR BUSINESS FROM FRANCHISOR, ITS AFFILIATES, OR FROM SUPPLIERS THAT FRANCHISOR DESIGNATES AT PRICES THAT MAY BE HIGHER

THAN YOU COULD OBTAIN ELSEWHERE FOR THE SAME OR SIMILAR GOODS. THIS MAY REDUCE THE ANTICIPATED PROFIT OF YOUR FRANCHISED BUSINESS.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See attached effective date list.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED  
BY THE MICHIGAN FRANCHISE INVESTMENT LAW

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.** Any questions regarding the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

## STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>STATES</b>	<b>EFFECTIVE DATE</b>
California	
Florida	July 11, 2019
Hawaii	Not registered
Illinois	May 21, 2019
Indiana	
Maryland	
Michigan	April 25, 2019
Minnesota	
New York	
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Utah	Not registered
Virginia	
Washington	Not registered
Wisconsin	July 24, 2019

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### **EXHIBITS:**

- A -- Financial Statements
- B -- Franchise Agreement
- C -- List of Current and Former Franchisees
- D -- Operations Manuals - Table of Contents
- E -- List of State Administrators and Agents for Service of Process
- F -- State Specific Information
- G -- ACH/EFT Transfer Authorization
- H -- Small Business Administration Addendum
- I -- Statement of Prospective Franchisee
- J -- Receipts

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

### **The Franchisor.**

To simplify this Franchise Disclosure Document, “we,” “Shine,” or “us” means **Shine Development Inc.** “You” means the person or company that buys the franchise, including, if any such company’s owners, partners, members, controlling shareholders, and guarantors. We were originally a Michigan corporation incorporated on October 8, 2010 but converted to a Texas corporation on April 26, 2017. We do business and intend to do business under the names SHINE, SHINE WINDOW CARE AND SHINE HOLIDAY LIGHTING, SHINE WINDOW CARE, and SHINE HOLIDAY LIGHTING. Our principal business address is 1017 Ranch Road 620 South, Suite 101, Lakeway, TX 78734.

Our sole business since inception is selling Shine franchises and providing training and other services to Shine franchisees. We have no other business activities other than those listed in Item 1. We do not operate a business of the type being franchised.

Our Agent for Service of Process in Texas is Christopher Fisher. Refer to Exhibit E, List of State Administrators and Agents for Service of Process, for information on the agent for service of process in other states where we may be registered.

### **Our Parents, Predecessors and Affiliates.**

We have no parent.

Our affiliate and predecessor, Shine International, Inc. (“Shine International”), a Michigan corporation, was originally incorporated on August 11, 2000, under the name Golden Eagle Cleaning, Inc. The name change took place April 24, 2009. From August 2000 to 2012, Shine International operated two businesses of the type being franchised. Shine International no longer operates a business of the type being franchised and has never offered, and does not currently offer, franchises in this or in any other line of business. Shine International licenses to us the trademarks we sublicense to you for your use in your Shine Franchised Business.

### **The Franchise Offered.**

As a Shine franchisee, you will own and operate a business providing window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house detailing, and holiday light installation, storage, and removal services for homes and businesses, and you will operate under the SHINE, SHINE WINDOW CARE and SHINE HOLIDAY LIGHTS marks (“Franchised Business”). We do not currently offer franchises for businesses that provide holiday lights only.

Our Shine franchises are characterized by a unique concept and system that includes a recognized and superior level of customer service and attention to detail; exceptional values and commitment to service; the use of unique eco-friendly and safe materials; uniformity of products and services offered; and proprietary standards, specifications, rules and procedures of operations, techniques (the “Shine System”). Shine franchisees generally operate their Franchised Businesses from an office space that is at least 100 sq. ft. with a warehouse and storage area that is at least 1,000 sq. ft. Shine franchisees will utilize our approved methods of operation, which are included in our Operations Manual.

The window care, house and business cleaning, and holiday installation markets is well-established and very competitive. You will compete with other Shine franchisees and other businesses offering window cleaning, pressure cleaning, screen cleaning, gutter cleaning, and holiday light installation, storage, and removal services. Your Franchised Business may operate in close proximity to major competitors, which may include franchised and non-franchised businesses. The market for your services is primarily residents of high-end neighborhoods.

You must visit our corporate headquarters in Lakeway, Texas prior to the purchase of a new or existing Shine Franchised Business.

### **Laws Affecting Your Franchised Business**

There are no regulations known to us specific to the operation of a business that provides window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house detailing, or holiday light installation, storage, and removal services for homes and businesses. However, state and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of businesses in general, including those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Franchised Business' premises; (b) regulate matters affecting the health, safety, and welfare of your customers, such as restrictions on smoking and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) regulate the proper use, storage, and disposal of waste, paints, insecticides, cleaners, and other hazardous materials; (f) govern labor practices for your employees; and (g) regulate the implementation of the Affordable Care Act. The Americans with Disabilities Act also may apply to the operation of your Franchised Business. You may employ salaried help and/or independent contractors and will be required to observe general employment laws and regulations. You should investigate whether there are regulations and requirements that may apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance.

### **Item 2. Business Experience**

#### Founder and Chief Executive Officer - Christopher Fisher

Mr. Fisher has been our founder and Chief Executive Officer since June 2012. Mr. Fisher has also been President of Shine International, previously called Golden Eagle Cleaning, Inc., since 2009.

#### Vice President of Operations – Lee DeJonge

Lee DeJonge has been our Vice President of Operations since January 2017. Mr. DeJonge has also operated as the owner of DeJonge Business Management, LLC since March 2012 and is one of our franchisees. Since March 2012, he has owned and operated Shine businesses in Michigan and Texas.

#### Director of Sales – R. Todd Bingham

Todd Bingham has been our Director of Sales since June 2019. He also serves as the Vice President of Franchise Development for Restoration 1 Franchise Holdings and has since October 2017. From May 2007 through August 2017, he was President of FranNet LLC.

### Item 3. Litigation

No litigation is required to be disclosed in this Item.

### Item 4. Bankruptcy

No bankruptcy information is required to be disclosed in this Item.

### Item 5. Initial Fees

#### Initial Fee

The Initial Franchise Fee is \$44,900 for a mutually agreed upon territory. If we grant you an additional franchise, the initial franchise fee for your second and subsequent Shine business is \$20,000 for a mutually agreed upon territory.

Prior to beginning operation of your Franchised Business you will be required to purchase a Start-Up Package for \$30,000. The Start-Up Package includes the start-up equipment you will need to operate your business, initial marketing materials and assistance, and the initial training (see Item 11 for additional details).

Veterans of the U.S. Armed Forces are eligible to receive a \$2,500 discount on their Initial Franchise Fee. To qualify for the discount, the veteran must own at least a 50% interest in the franchise. "Veteran" means a recipient of an honorable discharge as evidenced by the U.S. Department of Defense. It is the veteran's responsibility to send us the required documents in order to obtain the discount.

#### Payment of Fees

All of the fees described in this Item are each payable in lump sum and are non-refundable. In our last fiscal year, all fees disclosed in Item 5 were uniformly applied.

### Item 6. Other Fees

Type of Fee	Amount	Due Date	Remarks
<b>Royalty Fee</b> See Note A	7% of monthly Gross Revenues with a minimum of \$10,500 for your first full calendar year and \$21,000 for your second and all subsequent calendar years of your Term.	Payable monthly by Electronic Funds Transfer ("EFT"). The royalties will be drafted on the 30th of the month.	Gross Revenues includes the full price of all goods and services you sell, whether or not you have received cash or other consideration, excluding sales taxes. Gross Revenues are calculated at the time you sell the goods or services, and, if applicable, gift cards, without regard to when you receive or expect to receive payment.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>National Advertising Fund Fee</b> See Note B	1% of Gross Revenues	Payable monthly by EFT. The funds will be drafted on the 30th of the month.	National Advertising Fund Fees will be paid in the same manner and at the same time as your Royalty Fee. We have the right to increase the National Advertising Fund Fee to a maximum of 2% of Gross Revenues upon 60 days' notice.
<b>Cooperative Marketing</b>	There are currently no plans for an advertising cooperative, but one may be formed in the future. Any percentage contribution would be set by the cooperative on a vote of a majority of its members.	When designated by cooperative	Total fees for the National Advertising Fund and the cooperative may not exceed 4% of monthly Gross Revenues.
<b>Transfer Fee</b>	50% of then-current Initial Franchise Fee if you find your transferee on your own; 100% of the then-current Initial Franchise Fee if the transferee was in our internal sales pipeline within the year immediately preceding the transfer	Before completing transfer	Payable if you sell your franchise or any part of your business. New owner must qualify, come to training and sign new Franchise Agreement. If you find a buyer for your business on your own, you will pay us a transfer fee of 50% of our then-current Initial Franchise Fee. If, however, we introduce you to the transferee or the transferee was otherwise part of our sales pipeline within the year immediately prior to the transfer, then you will owe us a transfer fee of 100% of the then-current initial franchise fee.
<b>Audit (3% or more under reporting)</b>	1.5% per month interest on amount of underpayment plus the cost of the audit plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that you have under reported Gross Revenues by 3 percent or more.
<b>Renewal Fee</b>	\$5,000	At the time you sign the then-current Franchise Agreement	Must sign current form Franchise Agreement

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Additional Training</b> See Note C	\$1,000 for 2 day training plus travel expenses	In advance of the training program(s)	You and up to one Manager may attend training (cost included in the Training Fee for first two persons trained) and certain additional training at your cost. If you obtain a new or replacement Manager, you will be responsible for the cost of initial training for that person after we have trained up to two people for you.
<b>Collection and Interest Charges</b>	10% or highest lawful rate if lower.	Immediately if payments not made when due.	This charge is in addition to other remedies such as late payment fees.
<b>Technology Fee</b> See Note D	\$350 per month	Monthly due 15th of the month via electronic funds transfer	The Technology Fee will be used for Online Manual Management, Digital Communication, Email Management, CRM Management and Communication Platforms
<b>Digital Marketing Fee</b> See Note E	\$350 per month	Monthly due 15th of the month by Electronic Funds Transfer.	The Digital Marketing Fee will compensate us for providing you with the website content management services we provide to you.
<b>Proprietary Items/Items that utilize our Marks/ Marketing Collateral</b>	\$500 to \$5,000 per year	As incurred	We require that you purchase certain items that utilize our Marks and logos and other marketing collateral.
<b>Insufficient Funds</b>	\$50 plus any fee charged us for uncollected funds	Upon notice	Failure to have sufficient funds available for payments to us

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Fines</b>	Up to \$1,000 per infraction	Upon notice of infraction. We may collect by EFT.	Failure to operate in accordance with operating standards.
<b>Failure to Submit Required Reports</b>	\$300 per infraction	Upon notice of infraction. We may collect by EFT.	Failure to submit required reports, including monthly profit and loss statements by the 15 <sup>th</sup> of the following month (or such date as we designate in our Operations Manual).
<b>Failure to attend required training/convention</b>	Increase royalty up to 1% for balance of calendar year	Upon notice of infraction. We may collect by EFT.	Additional royalty or fine to compensate franchisor for your failure to attend training/convention. Payable by you unless you obtain our prior, written approval not to attend training/ convention.

All fees in this Item are uniformly imposed by and are payable to us. All fees are non-refundable.

**Notes Regarding Other Fees:**

**Note A. Royalty Fees.**

You will pay a monthly Royalty Fee. You will pay by electronic funds transfer. You will open a bank account from which we can access the funds for Royalty Fee. Funds must be in Franchisee's designated bank account in time so that Franchisor can obtain them on or before close of business on the 30th of the month following the month for which Royalties are collected. We may, upon 30 days' prior written notice, require you to pay Royalty Fee by check, pre-authorized check, electronic funds transfer or similar mechanism. We may, upon notice, require you to pay your Royalty Fees on a different periodic basis.

**Note B. National Advertising Fund Fees.**

You will pay a monthly National Advertising Fund Fee. You will pay the National Advertising Fund Fee in the same manner and at the same time as your Royalty Fee. We may require you to pay National Advertising Fund Fees by check, pre-authorized check, electronic funds transfer or similar mechanism. National Advertising Fund Fees are to be used for digital presence and online marketing. National Advertising Fund Fees are in addition to your local and regional marketing obligation and any assessments made by a local marketing cooperative. We may, upon notice, require you to pay your National Advertising Fund Fees on a different periodic basis.

**Note C. Additional Training Expense.**

During your franchise term, we will provide initial training to you and one manager or crew leader as part of your Start-Up Package. You must also bear the cost of training additional personnel or managers. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees.

We may require you and your manager(s) to attend additional free training at a location we determine. You are solely responsible for all salaries, compensation, benefits and travel related expenses of trainees.

We may provide or make available training materials and equipment for you or your employees and may charge a fee. All training materials are proprietary to us and may contain our Trade Secrets. You must require any of your employees to successfully complete any training program(s) if we designate them as mandatory.

We may provide or make available training materials and equipment for you or your employees and may charge a fee. All training materials are Trade Secrets. You must require any of your employees to successfully complete any training program(s) if we designate them as mandatory.

**Note D: Technology Fee.**

You will pay us for use of the software we maintain; the current software we require are:

FranConnect

Better Software CRM (BPRO)

Shine Exclusive Communication platform

Google Drive/Emails [name@shineinfo.com](mailto:name@shineinfo.com)

You must also purchase separately a QuickBooks online subscription from INTUIT. We have the right to increase this fee at any time.

**Note E: Digital Marketing Fee.**

The Digital Marketing Fee will compensate us for the website content management services we provide to you. The Digital Marketing Fee will count toward your required local advertising spend. We can increase this fee at any time. (See Item 7).

**Item 7. Estimated Initial Investment**

**YOUR ESTIMATED INITIAL INVESTMENT<sup>1</sup>**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW ESTIMATE	HIGH ESTIMATE			
Initial Fee <sup>2</sup>	\$44,900	\$44,900	Lump Sum	Upon signing franchise agreement	Us
Start-Up Package <sup>3</sup>	\$30,000	\$30,000	Lump Sum	No later than the first day of training	Us
Travel & Living Expenses While Attending Initial Training	\$1,000	\$2,500	As Incurred	Before, during & after training	Vendors, Airlines, Hotels, Car Rental Companies, etc.

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW ESTIMATE	HIGH ESTIMATE			
Real Estate/ Improvements <sup>4</sup>	\$900	\$4,200	As agreed with Landlord or Lender	As Arranged	Landlord, Mortgage Lender, Contractors, Vendors
Office Furniture <sup>5</sup>	\$0	\$1,000	As incurred	As arranged	Vendors
Vehicle Expenses (3 months)	\$600	\$2,000	As Incurred	As Arranged	Vendors, Leasing Co. or Lender
Vehicle Enhancements <sup>6</sup>	\$1,500	\$3,900	As incurred	As arranged	Approved Vendors
Accounting/ Payroll Services	\$700	\$1,000	Lump Sum	Before Opening Business	Approved Vendor
Office Set-Up/Quickbooks/ Computer Equipment/CRM System <sup>7</sup>	\$90	\$2,500	As Incurred	As Arranged	Vendors
Inventory	Included in Price of Start-Up Package	Included in Price of Start-Up Package	Lump Sum	No later than the first day of training	Shine Development Inc.
Equipment	Included in Price of Start-Up Package	Included in Price of Start-Up Package	Lump Sum	No later than the first day of training	Shine Development Inc.
Licenses and Permits	\$200	\$600	As Incurred	As Arranged	State, County, City
Professional Fees <sup>8</sup>	\$500	\$2,000	As Incurred	As Arranged	Attorney, Accountant
Insurance	\$700	\$2,000	As Arranged	As Arranged	Insurance Companies

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW ESTIMATE	HIGH ESTIMATE			
Additional Funds (3 months) <sup>9</sup>	\$15,000	\$45,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
<b>TOTALS</b>	\$96,090	\$141,600			

1. This table estimates the pre-opening expenses you would incur as a franchisee through the third month of operation for a Shine Franchised Business. None of the amounts listed above that are paid to us are refundable. The refundability of the other items listed above are dependent upon the terms and conditions offered by the party to whom the funds are paid.

2. The franchise fee is payable in full, in cash, upon signing the Franchise Agreement.

3. No later than the first day of training, you will be required to purchase a Start-Up Package for \$30,000, plus applicable tax and shipping costs. The Start-Up Package includes the equipment you will need to start your business, such as a window cleaning package, a pressure cleaning package, gutter cleaning equipment and required software outlined in Item 11, as well as grand opening marketing materials and assistance and initial training that you must successfully complete.

4. You are required to lease or purchase an office space that is at least 100 sq. ft. with a warehouse and storage area that is at least 1,000 sq. ft. You must paint the walls of your office and warehouse in the color and type of paint we require. You must also attach interior signage within your office, and you must include our logo on the wall of your office, according to our specifications. You must stock your office with swag we require, which includes blankets, pens, stickers, key chains, hats, and koozies. The amount of the first month's rent and security deposit will depend on the size, condition and locations of the premises, and the demand for the premises among prospective lessees. The lease may impose other charges for percentage rent, real estate taxes, utilities, maintenance, or other expenses. Your landlord may impose a security deposit. You should review your lease or purchase documents to evaluate the cost of real estate leasehold improvements. Lease situations will vary in rental amounts, lease terms, amount of space required and tenant improvements required. Size, configuration and landlord requirements will be major factors in cost. Some landlords finance leasehold improvements by amortizing them over the lease term and charging a higher rental amount to cover the cost. You should attempt to determine your costs and financing options before selecting a location for the office of your Franchised Business. Even if you are taking over or continuing in an existing franchisee's premises or another existing facility, we may require that you remodel or make other changes to the premises to comply with our specifications, at your cost. You must maintain the premises, at your expense, in accordance with our specifications.

5. We do not require you to purchase specific office furniture or furnishings. You may choose to use office furniture or furnishings you already own, in which case you will not incur any costs for these items. If you do not already own basic office furniture, you will be required to purchase some.

6. You must enhance your approved vehicle with the graphic logo we require and racks for your ladders. You must comply with our standards and use our approved suppliers in adding the ladder rack and graphics to your approved vehicle.

7. The low estimate assumes you will already own a computer, printer, and smartphone that meets our standards. The high estimate assumes you will be purchasing this equipment prior to opening. See Item 11 for more information regarding the specifications for your computer/CRM software and hardware.

8. There is much variability in the market for attorney and accountant's fees. You may need an attorney to assist and advise you in setting up your business organization and reviewing contract documents. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors.

9. This category covers the initial expenses you will likely incur while you establish your business. Your expenditures will depend on factors such as your business skills and experience, general and local economic conditions, competition, the prevailing wage rate, and the volume of business you conduct during the initial period, how well your business is performing, and the number of hours you are willing to invest in your business. These expenses do not include any draw or salary for the owners of the business. This is only an estimate, and we cannot guarantee that the amounts specified will be adequate. You may need additional funds during the first 3 months of initial operations or afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any such estimates. The 3 month period from beginning the business covers the time by which most franchisees are fully in operation but does not necessarily mean that you will have reached "break-even," "positive cash flow," or any other financial position. In addition, the estimates presented relate only to costs associated with the Franchised Business, and do not cover any personal, "living," unrelated business or other expenses you may have, such as royalty payments, or debt service on any loans. Although we make no estimates regarding the financial performance of the Franchised Business, we recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you will be self-sufficient and need not draw funds from your business for at least 6 months after start-up.

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

You must purchase from us or a supplier we approve certain equipment, supplies and inventory necessary to start or operate the Franchised Business. This could include, but not be limited to, equipment and products. As to other supplies and inventory, you may purchase them from the vendor(s) of your choice, but the item(s) must meet our specifications. We will supply various products at competitive prices with the ease of ordering from our online store. While we are not restricted by the Franchise Agreement to do so, it is our current company policy that only suppliers we approve to provide products or services, according to our standards, be the only approved supplier when (i) the items are proprietary, (ii) the items utilize our trademarks and commercial symbols, (iii) if we can negotiate a better price for our franchisees by leveraging the franchise system's bulk purchasing power, and/or (iv) we believe using our designated suppliers allows franchisees to benefit from the expertise developed by those suppliers in servicing our franchisees. We strive to maintain consistency, high quality, and uniformity within the System. Otherwise, unless a supplier is designated, we may provide recommended suppliers but you are free to choose your own supplier.

We require that you purchase certain items that utilize our trademarks from us or from vendors we approve, including your postcards, business cards, yard signs, thank you cards, coffee mugs, pint glasses, window care materials, apparel, and Christmas lights. We issue specifications in writing and incorporate them in the Operations Manual. These specifications may include quality, installation, application, delivery, performance, design, brands, model, part numbers and appearance. In some instances, you must purchase items that comply with our reasonable subjective determination of whether such items meet the standards and comport with the Shine image. If we have not provided specifications, you may purchase any items that reasonably meet the requirements of the Franchised Business.

We must approve your business premises and lease before you are allowed to begin operations of your business. You are required to lease or purchase an office space that is at least 100 sq. ft. with a warehouse and storage area that is at least 1,000 sq. ft. You must paint the walls of your office and warehouse in the color and type of paint we require. You must also attach interior signage within your office, and you must include our logo on the wall of your office, according to our specifications. You must stock your office with swag we require, which includes blankets, pens, stickers, key chains, hats, and koozies. You must purchase these items from us or our affiliate, or from other vendors we designate.

No later than the first day of training, you will be required to purchase from us a Start-Up Package for \$30,000 (plus applicable tax and shipping as described in the Operations Manual). The Start-Up Package includes required equipment, a marketing package, and your initial training. During the term of your Franchise Agreement, you will be required to purchase most of the equipment you use in the operation of your Franchised Business, including, if applicable, the window cleaning products, tools, equipment, apparel, and holiday lights, from vendors we approve.

In addition, we require you to own a late-model, red full-sized truck or van that is in good condition, and otherwise compliant with our specifications. If you do not own a vehicle according to our specifications, we will require you to purchase or lease a vehicle from an outside vendor of your choice.

You will be required to use our designated vendor for your accounting and payroll services. You are required to purchase and use our proprietary CRM software and purchase your computer software and/or hardware package from our approved suppliers. (See Item 11 for more information.)

You are required to use the credit card processing service we approve. Since you accept credit cards as a method of payment at your Franchised Business, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with the PCI Data Security Standards. Your credit card processing provider should assist you with this compliance.

You are obligated to obtain and maintain, at your own expense, such insurance that we require from time to time from a nationally-recognized insurance company and at all times during the term of the Franchise Agreement maintain in force and pay the premiums for all types of public liability insurance with complete operations coverage, with limits of liability for bodily injury, personal injury

and advertising injury of not less than \$2,000,000 with limits of liability for property damage and bodily injury of not less than \$1,000,000 in each occurrence and non-owned vehicle coverage of at least \$1,000,000. You are currently required to maintain, in the amounts we prescribe from time to time, cyber liability coverage in the amount we specify in the Operations Manual, including, but not limited to, property damage, fraud, and business interruption. You are currently required to maintain, in the amounts we prescribe from time to time, automobile liability and workers' compensation insurance coverage. The Franchise Agreement also outlines the types, amounts, terms and conditions of insurance coverage required for your franchised business, including, but not limited to, standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend a claim; and similar matters relating to insured and uninsured claims. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments and your history. All insurance policies must name us as an additional insured party.

You must purchase from us or a vendor we approve all items used to start or operate your business that contain or bear the Marks. All items that you purchase from approved suppliers must meet our specifications. This includes advertising and marketing materials, forms, and promotional items. In addition, you must purchase the signs used to identify the Franchised Business and vehicles from a vendor we approve.

We publish a list of approved vendors and order procedures in the Operations Manual. We may approve other vendors if you request it in writing or if a vendor requests it and if the vendor demonstrates to our satisfaction that it is financially stable and can provide product(s) or service(s) that meet our specifications and that are consistent with our image. We may charge a reasonable fee to cover our costs in evaluating a proposed vendor. We will give you a good faith estimate of our cost of evaluating a proposed vendor within a reasonable time after you make the request, but before we begin the evaluation process. We will normally make our decision within 60 days. If no decision is made within 60 days, we reserve the right to disapprove any previously approved vendor whose performance falls below our standards. We will make any approvals of new vendors or revoke approval of vendors in writing and will incorporate our decision in the Operations Manual.

Certain vendors support our annual franchise conference by sponsoring the event. During 2018, we received \$14,500 from fees paid by vendors to sponsor and support our franchise conference, which represents 1.8% of our total 2018 revenue. .

During our last fiscal year ended December 31, 2018, we received \$59,768 or 7.6% of our revenue of \$789,723 from franchisee purchases from us or other approved suppliers. During our last fiscal year, our affiliate received no revenue from purchases made by our franchisees. We may negotiate and receive rebates, discounts, allowances or other material consideration from certain designated suppliers with whom you do business. We will retain all such revenue, rebates, discounts and material consideration and have no obligation to share such revenue received with you. We may, but are not required to negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

We may negotiate purchase arrangements with suppliers for your benefit in the future, but we are not obligated to do so. There are currently no purchasing or distribution cooperatives in our franchise system. Except as described in this Item, we do not currently provide any material

benefits to you based upon your use of designated or approved sources. We estimate that your purchases of goods and services in accordance with specifications will represent approximately 70 to 75% of your total purchases in connection with establishing Your Franchised Business and approximately 75 to 85% of your total purchases in connection with operating Your Franchised Business.

### Item 9. Franchisee's Obligations

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

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Article 6	Item 11
b. Pre-opening purchases/leases	Article 6	Item 7
c. Site development and other pre-opening requirements	Articles 4, 6	Item 7
d. Initial and ongoing training	Articles 1, 4, 5, 7, 11	Item 11
e. Opening	Articles 2, 6	Items 7, 8, 11
f. Fees	Articles 2, 3, 4, 8,9, 15, 17	Items 5, 6, 7, 8, 9, 10
g. Compliance with standards and policies/Operations Manual	Articles 1, 2, 6, 7, 12, 13 & 15	Items 8, 11
h. Trademarks and proprietary information	Articles 1, 5, 6, 7, 15	Items 13, 14
i. Restrictions on products/services offered	Article 7	Items 8, 16
j. Warranty and customer service requirements	Articles 4, 6, 7	Items 11
k. Territorial development and sales quotas	Articles 1, 6, 7	Item 12
l. Ongoing product/service purchases	Articles 4, 5, 7 & 15	Item 8
m. Maintenance, appearance and remodeling requirements	Article 7	n/a
n. Insurance	Articles 8 & 13	Item 7
o. Advertising	Articles 1, 2, 7, 13	Items 6, 7, 11
p. Indemnification	Articles 7, 8, 12	Item 13

Obligation	Section in Agreement	Item in Franchise Disclosure Document
q. Owner's participation/management/staffing	Articles 4, 5, 7, 11, 13, 15 & 17,	Item 15
r. Records and reports	Article 3	Items 8, 15
s. Inspections and audits	Article 3	Item 6
t. Transfer	Article 10	Item 6
u. Renewal	Articles 9, 10 & 15	Item 6
v. Post-termination obligations	Articles 5, 15, 16, 17 & 18 (if applicable)	Item 17
w. Non-competition covenants	Articles 16, 18 (if applicable)	Item 17
x. Dispute resolution	Article 16	Items 9 & 17

### **Item 10. Financing**

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

### **Item 11. Franchisor's Assistance, Advertising, Computer System & Training**

#### **Pre-Opening Obligations.**

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

As set forth in Article 6 of the Franchise Agreement, after you sign your Franchise Agreement, but before you open your business, we will:

1. We will determine your protected territory under the Franchise Agreement (Franchise Agreement – Article 1, Addendum 1).
2. Loan you one or more manuals ("the Operations Manual") (Franchise Agreement – Article 1).
3. Provide initial training for you and one other person as described in detail below (Franchise Agreement – Article 4).
4. You will be required to obtain our approval of your location (Franchise Agreement – Article 1, Addendum 1).
5. Provide you a copy of our approved or recommended vendors (Franchise Agreement – Article 1, Manual).

6. While we are not obligated to do so, we are currently listed on the Small Business Administration's Franchise Directory.

We are not required to provide you other supervision, assistance or services prior to the opening of the Franchised Business. However, if requested, we may advise on additional topics related to the opening of your Franchised Business (Franchise Agreement – Article 1).

After you open your Franchised Business, we will:

1. Take any actions we deem appropriate to protect or defend the Marks or System (Franchise Agreement - Article 1).
2. Manage any National Advertising Fund Fees. (Franchise Agreement – Article 2.)
3. Provide a periodic training program. Please refer to Franchise Agreement - Article 4 for information regarding the frequency and number of training programs we may require you to participate in.
4. While we are not required to do so, from time to time we may offer conferences and other training courses relating to our industry and to the conduct of the Shine System. You must send at least one representative from your Franchised Business to our annual National Convention and any other trainings we require. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to you or us. We have the right to charge you a tuition fee for each attendee, whether or not the attendee is required to attend or actually attends the conference, convention, or training courses. Additionally, you will be responsible for all transportation, lodging, food, and other costs incurred by the manager in attending such seminar. If you do not attend a scheduled required event, we have the right to increase your Royalty by 1% Gross Revenue for the remainder of the calendar year (Franchise Agreement – Article 4). We also expect to be in regular contact with you to discuss your operation of the Franchised Business and to generally be of assistance.

## **Operations Manual**

The Operations Manual contains specifications and mandatory and suggested standards and procedures. This Operations Manual is confidential and remains our property. We will modify the Operations Manual, but the modifications will not alter your status and rights under the Franchise Agreement. Exhibit D includes a copy of the Operations Manual's Table of Contents. The Operations Manual currently contains approximately 1251 pages.

## **Initial and Ongoing Training**

Initially, you must have 2 persons working the business, one of which may be you. You or a designated Manager must be responsible for business operations and management.

Before opening Your Franchised Business, you must pay us a Start-Up Package fee, and, in exchange, we will provide initial training to you and up to one additional Manager or Crew Leader. We will decide whether you successfully complete the initial training program based upon knowledge test results and our observations of your ability to use the knowledge effectively. We will ordinarily schedule the initial training program on an as-needed basis so that you will complete the pre-opening portions no more than 30 days before the scheduled opening of Your Franchised Business. You are responsible for all salaries, compensation and travel related expenses of

persons receiving training, both initial training and ongoing training. For further information regarding expenses related to the initial training, please review again Franchise Agreement - Article 4.

After the first 2 persons there will be an estimated \$1,000 fee for 2 days of training plus travel expenses for training of additional managers. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees. The training will be led by our operations team, and each instructor will have at least 2 years of experience in the industry and at least one year of experience with us.

The Operations Manual will be the primary instructional material.

You or your manager or crew leader will train all your other employees. All newly hired full-time employees must successfully pass the required training before beginning work in the field. For further information regarding training of employees, please review Franchise Agreement - Article 4.

While we are under no obligation to do so, we plan to provide additional, ongoing training for you and your manager(s) and employees at no additional charge, but you would be responsible for salaries, compensation, benefits, and living and travel expenses of trainees attending any ongoing training.

### TRAINING PROGRAM

TOPIC	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
<b>DAY 1 – LEADERSHIP, TECHNOLOGY, FINANCIAL MARKETING</b>			
Leadership	2		Support Center, Lakeway, Texas
Technology	2		Support Center, Lakeway, Texas
Financial	2		Support Center, Lakeway, Texas
Marketing	2		Support Center, Lakeway, Texas
<b>DAY 2 – SALES, CUSTOMER EXPERIENCE, EMPLOYEE EXPERIENCE, MANAGEMENT</b>			
Sales	2		Support Center, Lakeway, Texas
Customer Experience	2		Support Center, Lakeway, Texas
Employee Experience	2		Support Center, Lakeway, Texas
Management	2		Support Center, Lakeway, Texas
<b>DAY 3 – CRM, ESTIMATING, ORDERING</b>			
CRM	2		Support Center, Lakeway, Texas
Estimating	2		Support Center, Lakeway, Texas

TOPIC	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Ordering	4		
<b>DAY 4 – GENERAL MANAGER SHADOW</b>			
GM Shadow		8	Shine of Lakeway, TX
<b>DAY 5 – GENERAL MANAGER SHADOW</b>			
GM Shadow		8	Shine of Lakeway, TX
<b>DAY 6 – FIELD TRAINING</b>			
Vehicle and Shop		2	Your Location
Services		6	Your Location
<b>DAY 7 – OFFICE TRAINING</b>			
Office Management		8	Your Location
<b>Total</b>	<b>24</b>	<b>32</b>	

All times are approximate and we may customize them based upon your experience and rate of learning and suited to your schedule. The locations of the training are as indicated in the chart above.

### Site Selection

You must, within 60 days after signing your Franchise Agreement, select a location for your office (“Premises”), subject to our approval. You will not sign a lease, sub-lease or other obligation until after you have received our approval of the Premises and lease or sub-lease in writing. We will not unreasonably withhold approval and approval will be considered to have been given if we have not notified you within 10 business days following our receipt of a copy of the proposed lease or sub-lease and such other information about the proposed Premises as we may require. Approval of the Premises or the lease or sub-lease by us does not constitute a representation or warranty that the Premises will be good and does not constitute a legal or other opinion as to any term of the lease or sub-lease or the safety or legal compliance of the Premises. You acknowledge and agree that failure to select an approved location within 60 days after signing your Franchise Agreement is cause for termination of the Franchise Agreement. Franchise Agreement Article 6.

If you request that we send a person to your Territory to assist in identifying, selecting or negotiating the terms of a lease or purchase of or otherwise in connection with your selection of Premises, we may send such person to assist you provided that you arrange for appropriate transportation, hotels and meals and reimburse them for all reasonable out-of-pocket expenses incurred in visiting your Territory and assisting with the selection of your Premises.

### Approved and Required Vendors and Suppliers

We publish a list of approved vendors and order procedures in the Operations Manual. We may approve other vendors if you request it in writing or if a vendor requests it and if the vendor

demonstrates to our satisfaction that it is financially stable and can provide product(s) or service(s) that meet our specifications and that are consistent with our image. We may charge a reasonable fee to cover our costs in evaluating a proposed vendor. We will give you a good faith estimate of our cost of evaluating a proposed vendor within a reasonable time after you make the request, but before we begin the evaluation process. We will normally make our decision within 60 days. We reserve the right to disapprove any previously approved vendor whose performance falls below our standards. We will make any approvals of new vendors or revoke approval of vendors in writing and will incorporate our decision in the Operations Manual.

## **National Advertising Fund**

We have established the National Advertising Fund to pay for the creation of national, regional, and local advertising as we see fit. The current contribution is 1% of your Gross Revenues. The National Advertising Fund contribution may be raised by us to 2% of your Gross Revenues. Other franchisees' National Advertising Fund contributions may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay National Advertising Fund fees. We have the sole discretion to settle or forgive any accrued and unpaid National Advertising Fund contributions owed by a franchisee. With any brand or advertising funds paid, we have the sole discretion how and where the money is spent to promote, enhance, or further the growth of the system, including, without limitation, promotional marketing, public relationships, and advertising expenses, hiring marketing, public relations and advertising agencies and in-house personnel to assist in developing the Shine brand name and average unit volumes, expenses associated with listings in telephone books and online directories, subsidies designed to garner media attention and promote the brand name, travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials, production of circulars, media, advertisements, coupons, and promotional materials (including point of purchase materials) and for any other use we may determine. Additionally, we may use the National Advertising Fund to pay for expenses incurred in developing and maintaining non-franchise sales portion of the website, social media pages, SEO software or services for the brand and technology development and services for the brand. Materials provided by the National Advertising Fund to all franchisees may include video and audio recordings, digital prototypes, mats, posters, banners, and miscellaneous point-of-sale items. You will be responsible for implementing any advertising programs or placing any advertising content we create, at your own expense. You will receive one sample of each at no charge. If you want additional copies, you must pay duplication costs.

We may occasionally provide for placement of advertising on behalf of the entire franchise system, including franchisees, however, most of the time we provide you with advertising content to use in your local territory. Most placement of advertising would be on a local or regional basis, typically by local or regional advertising agencies hired by individual franchisees or advertising cooperatives. We have the right in the future to use advertising fees paid by our franchisees to place advertising in national media (including broadcast, print or other media), but we do not currently do so.

Currently, the National Advertising Fund fees are payable to us. We have the right to establish in the future a nonprofit corporation or other business entity to collect National Advertising Fund contributions from our franchisees. The National Advertising Fund is administered by our internal accounting and marketing personnel under our direction. The National Advertising Fund is not audited. The National Advertising Fund is not a trust fund. We have no fiduciary duty to you or any franchisee in connection with the collection or use of the National Advertising Fund monies. We will not be required to separately account to you for the activities conducted using overhead

or administration portion or allocation of the National Advertising Fund. We are not required to spend any brand or National Advertising Fund contributions in your specific area or territory.

Use of National Advertising Fund in Most Recent Fiscal year  
(Percentage of total fund expenditures)

<b>USE</b>	<b>PERCENTAGE</b>
Production/Design	28.6%
Media Placement	0%
Website Development	54.6%
Administrative Expenses	0%
Email Marketing	16.8%
<b>TOTAL</b>	<b>100%</b>

We may have the National Advertising Fund borrow from us or other lenders to cover any National Advertising Fund deficits. We may have the National Advertising Fund invest any surplus for the National Advertising Fund future use. A brief statement regarding the availability of information regarding the purchase of Shine franchises may be included in advertising and other items produced using the National Advertising Fund; provided that we will not use National Advertising Fund monies principally to sell franchises. Company-owned Shine businesses are not required to contribute to the National Advertising Fund on the same basis as other franchisees.

You may not engage in sales through alternative distribution channels or the Internet without our prior written approval. We are not required to give you such approval. (Franchise Agreement – Article 7). You shall not engage in marketing on any social media websites, including but not limited to Facebook and Twitter. You may not include any photos on your website that contain any Shine Window Care or Shine Holiday Lighting logos on gear or articles of clothing.

We currently do not have an advisory council composed of franchisees that advises us on advertising policies. If we form or approve an advisory council, you must participate. Any advisory council would not have decision-making power. It would be advisory only. We have the right to form, change or dissolve any advisory council.

### **Local or Regional Advertising Cooperatives**

We do not currently require you to participate in any local or regional advertising cooperatives. We have the exclusive right to require that advertising cooperatives be formed, changed, dissolved, or merged. If you are required to participate in an advertising cooperative, you will be required to contribute your share of the cooperative's budget as determined by the cooperative's members.

Each required local advertising cooperative must adopt written governing documents. Each cooperative may determine its own voting procedures; however, each company-owned Shine business will be entitled to one vote in any local advertising cooperative. The members and their elected officials are responsible for administration of the cooperative. Advertising cooperatives must prepare quarterly and annual financial statements prepared by an independent CPA and must be made available to all franchisees in the advertising cooperative.

Any cooperative formed is not a trust fund. We have no fiduciary duty to your or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the Cooperative.

You must spend 10% of Gross Revenue on local advertising until you reach Gross Revenues of \$500,000, at which time you will be obligated to spend 8% of Gross Revenue on local advertising. We may require you to spend this money with vendors we designate. You may choose to spend more money. You must spend at least \$500 per month, or \$6,000 per year of your local advertising spend on digital advertising, according to the standards we set forth in our Operations Manuals. The amount you spend for your monthly Digital Marketing Fee will count toward the amount you must spend on local and digital advertising.

### **Computer System/CRM System**

We require you to use certain computer equipment and software. You may not select any computer hardware that does not meet or exceed our current minimum requirements. We recommend that you use a laptop, versus a desktop. You must also have a late-model smart phone. We will install the required software on your laptop when you attend training. The software is included in your Start-Up Package. You are responsible to maintain and repair your hardware and to update or upgrade your software. We may recommend or require additional hardware. We currently require you to use the following computer software:

FranConnect  
Better Software CRM (BPRO)  
Shine approved communication and coaching platforms  
Google Drive/Emails [name@shineinfo.com](mailto:name@shineinfo.com)

You must also purchase separately a QuickBooks online subscription from INTUIT.

You must also pay us a Digital Marketing Fee, which fee will cover the website content management services we provide to you.

We and our approved accounting firm are to be allowed access to the Shine-specific portion of your QuickBooks and CRM software at any time. You may be required to share login information with us.

As scheduling, report preparation and processing software and accounting programs become more sophisticated, we may require you to upgrade, replace, or supplement hardware and related items. We anticipate the cost to purchase or lease the computer system and all required software to be \$2,000. You must upgrade your computers, modems and printers and purchase any additional equipment we specify to accommodate the software, or to improve the overall effectiveness and competitiveness of your business. There are no contractual limitations on the frequency or the costs you may incur to upgrade or update the system. Neither we nor our affiliate nor other third parties have any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer hardware or software. We will have independent and unlimited access to the information that will be generated or stored in any electronic cash register or computer system. There are no contractual limitations on our right to access the information.

### **Time to Open**

The typical length of time between when you sign the Franchise Agreement or pay the initial franchise fee and the time when your Franchised Business opens will generally be 30 to 45 days after signing the Franchise Agreement. The factors that may increase or decrease the time periods discussed above are: the amount of time and effort you commit to the site selection process for your office and the upfit of your office; the availability of acceptable sites within the

geographical area you choose; your ability to obtain a lease, financing and building permits; your credit and personal financials; and zoning and licensing requirements within your Territory. Delays or a lack of effort by you, your contractors or your prospective landlord will increase these time periods. If you change your employment, business or financial status before the opening of your Franchised Business, you do so at your own risk. Any and all such changes should be made only as a result of careful thought and advanced planning after obtaining advice from appropriate professional advisors. There may be unusual circumstances and other events beyond our control.

## **Item 12. Territory**

We will grant you a geographic territory ("Territory"), which we will describe in Addendum A to the Franchise Agreement. Generally, a Territory will have at least 50,000 households and will be defined by zip codes, although we have the right to grant you a territory with fewer households if you and we so agree. If you are not in breach of the Agreement, we will not locate or open another Shine business of the same type you operate under the Marks and using the System in your Territory, either company-owned or franchised, during the term of the Agreement. We can adjust the Territory in our sole discretion if the population and demographics change to enable the Territory, or any portion of it, to support another Shine business. If we adjust your Territory, we will grant you a 30-day right of first refusal to purchase the right to operate another Shine business within the area previously within your Territory. The 30-day period will commence when you receive written notice of our intent to adjust your Territory and a copy of our then-current Franchise Disclosure Document. If you elect to exercise this right of first refusal, you must sign our then-current Franchise Agreement within 30 days of the adjustment of your Territory. You are permitted to operate the Franchised Business only at one location, which must be within your Territory. You may not relocate the Franchised Business without our prior written approval which we will not unreasonably withhold. We do not grant you with any options, rights of first refusal or similar rights to acquire additional franchises except as set forth in this Item. In determining the original size and boundaries of your Territory, we will consider demographic and other factors that we deem appropriate, including the number of people living within the logical market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data. We will not necessarily give any single factor or combination of factors controlling weight. Your Territory will not be identical to that of any other franchise and you must make your decision whether to purchase the franchise based upon your knowledge of your proposed Territory.

You may not market your goods and services over the Internet or through other alternative distribution methods such as catalog sales, telemarketing or other direct marketing without our prior written approval. We and our affiliates reserve the right to use other channels of distribution, such as the Internet, catalogue sales, telemarketing, or other direct marketing sales, to make sales within your Territory using our principal trademarks or other unrelated marks. You will not be entitled to any compensation from us for soliciting or accepting orders from inside your Territory.

You must maintain a minimum sales volume of \$100,000 calculated on an annual, rolling basis ("Minimum Sales Volume"). If you fail to maintain the Minimum Sales Volume, we have the right to terminate your franchise agreement unless you take action to develop with us a workout plan and follow the requirements of the workout plan. Except for achieving Minimum Sales Volume, your rights to the Territory granted under the Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, nor any other contingency and cannot be altered.

**Item 13. Trademarks**

Shine International owns all of the trademarks used by us and our franchisees. By a license agreement effective February 21, 2012, Shine International granted us the exclusive license to use and sublicense all of Shine International’s intellectual property that is or may be associated with the system or the proprietary marks (the “Shine International License Agreement”). The trademarks and service marks listed below and any additional trademarks and service marks are referred to herein as the “Proprietary Marks”. The Shine International License Agreement grants us the right to sublicense the Proprietary Marks to franchise locations. All rights in and goodwill from the use of our Proprietary Marks ultimately accrue to Shine International as the trademark owner. Upon execution of our Franchise Agreement, we will sublicense to you the limited right to use the following Trademarks:

We give you the right to use the trademarks “Shine,” “Shine Window Care” and “Shine Holiday Lighting” and other trade names, trademarks, service marks, trade dress and logos we currently use or which we may adopt or approve (the “Marks”) in the Franchised Business. You must follow our rules when you use the Marks. You may only use the Marks exactly as we specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

The following Marks were registered by Shine International with the USPTO:

Our affiliate, Shine International, Inc., registered the Trademark “Shine Window Care” with the U.S. Patent and Trademark Office on the Principal Register. The registration date is February 21, 2012 and the Registration Number is 4,101,249.

Our affiliate, Shine International, Inc., registered the Trademark “Shine Holiday Lighting” with the U.S. Patent and Trademark Office on the Principal Register. The registration date is August 30, 2011 and the Registration Number is 4,018,935.

Our affiliate, Shine International, Inc., filed the Trademark “Shine” (word mark) with the U.S. Patent and Trademark Office on the Principal Register. The filing date is April 22, 2019 and the Serial Number is 88395894.

Our affiliate, Shine International, Inc., filed the Trademark “Shine” (design mark) with the U.S. Patent and Trademark Office on the Principal Register. The filing date is April 22, 2019 and the Serial Number is 88395798.

The chart below shows the above marks as they are used in commerce.

REGISTRATION/SERIAL NUMBER	EFFECTIVE DATE OF REGISTRATION/FILING	MARK
4101249	February 21, 2012	

REGISTRATION/SERIAL NUMBER	EFFECTIVE DATE OF REGISTRATION/FILING	MARK
4018935	August 30, 2011	
88395894	April 22, 2019	SHINE
88395798	April 22, 2019	

The last two Marks listed above are not federally registered. Therefore, the Marks do not have as many legal benefits and rights as federally registered trademarks. If our or our affiliate's right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All necessary affidavits of use and renewal applications have been timely filed. Our affiliate intends to file all necessary affidavits of use and renewal applications when they become due. None of the registrations is due for renewal.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Administrator of any state or any court, or of the Trademark Trial and Appeal Board or any pending interference, opposition or cancellation proceeding or any

pending material litigation involving the Marks that is relevant to your ability to use the Marks in connection with the Franchised Business.

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

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

If a third party sues you claiming that you are infringing the trademark or trade name of the third party by using the Marks, you must inform us immediately. We will indemnify you as to that claim only and have the right to control the litigation.

It may become necessary in our sole discretion, because of trademark litigation, a decision of the U.S. Patent and Trademark Office, or otherwise, to change the Marks. In that event, you must immediately adopt the new or revised Marks and our maximum liability, including for any purported goodwill, is to reimburse you for the actual out-of-pocket costs of changing the principal signs identifying your Premises.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in the state where the franchise will be located.

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

We do not currently own any patents. We claim copyright protection and will continue to claim copyright protection of the Operations Manual and revisions of all manuals and handbooks and construction plans loaned to you, and all training materials we provide or sell to you and your employees. We have not registered any copyrights, but may in the future.

The Operations Manual(s), the contents of each, and certain other information we will provide to you, including certain methods, marketing and sales strategies and annual reports on marketing funds expenditures, if required, are all confidential trade secrets. All information we provide to you or which you develop in the course of performing under the Franchise Agreement, which is not generally available to the public, and which a competitor might find valuable are trade secrets. If we designate something as a "Trade Secret," you must treat it as a Trade Secret whether or not it would otherwise meet any definition of "Trade Secret". You are responsible for protecting all trade secrets and other confidential and proprietary information and you cannot transfer them or sell them to anyone at any time. You must require your Manager(s) and other employees who have access to Trade Secrets to comply with your obligations under the Franchise Agreement to protect our Trade Secrets. The Franchise Agreement does not require us to take any action to protect our copyrighted information.

If you or your principals, officers, managers, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, recipes, formulae, products, packaging or other concepts and features relating to the operations, business practices or the manufacturing, production, marketing or sale of window cleaning, pressure cleaning, screen cleaning, gutter cleaning and holiday light hanging services for homes, or related goods and services in connection with the Franchised Business (the "Innovations"), you (or they) will be

deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your Principals, officers, managers and employees also must cooperate with us in connection with protecting the Innovations.

If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us. You must use the proprietary information only in the manner required by us and in no other manner. This information is strictly confidential, and you may not disclose to any person, or use any of that information for any purposes, except disclosure to a person who has signed and delivered to us a confidentiality agreement and only as necessary in connection with the operation of your Franchised Business. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

You will not have the exclusive right to use the Innovations or any of our patents or patent applications, copyrights or proprietary information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the proprietary information, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the proprietary information is limited and temporary. Upon expiration or termination of the Franchise Agreement, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the proprietary information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the proprietary information. We will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the proprietary information, and will control any proceedings and litigation. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights or the proprietary information. We will indemnify you for all damages for which you are held liable in any lawsuit arising out of your use of our Innovations, claimed subject matter of any patents or patent applications, copyrights and proprietary information in compliance with the Franchise Agreement.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the proprietary information and/or use other information and/or rights in their place. If we decide to modify or discontinue use of the Innovations for any reason, you must do so also, at your expense.

During the term of the Franchise Agreement, you must maintain, to the extent collected, a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers who supply you this information (the "Customer List"). You must provide the Customer List to us upon request. The Customer List will be our property at all times, and you must not disclose the Customer List to any person or entity other than us, or sell the Customer List (or any portion of it) to any person or entity without our express written consent.

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

You must devote your full time and effort to managing the Franchised Business if you operate one location. If you operate more than one location, you must either devote your full time and effort to managing and operating the Franchised Business or delegate its management or operation to

a responsible person. You must reserve and exercise ultimate authority and responsibility over operation and management of the Franchised Business. If you delegate management and operation to a Manager, the Manager must first successfully complete our initial training program within 60 days after assuming the role of manager. The Manager, or any other on-premises supervisor, is not required to have any equity in the franchised business or franchisee.

You, if the Franchisee is an individual, or the shareholders, officers, directors, partners, and members, if the Franchisee is a legal entity, and all such persons' spouses, must sign our form of non-competition and non-disclosure agreements, as well as personal guarantees of performance in which they will guarantee the performance of the Franchised Business's obligations to us. We also require you, if the Franchisee is an individual, or the others of Franchisee, if Franchisee is a legal entity, to agree to be bound personally by the terms and conditions of the Franchise Agreement. We may also require that your managers sign non-competition and non-disclosure agreements in the form we require. All of your employees, contractors, or agents who have access to our confidential information must sign non-disclosure agreements in the form we require.

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

You may offer for sale only products and services we approve. We currently allow you to offer only window cleaning, pressure cleaning, screen cleaning, gutter cleaning, house detailing, and holiday light installation, storage, and removal services for homes and businesses operating under our Marks and following our System and of a type, quality and variety consistent with the Shine image. You must sell all products and services as we direct. You must obtain your supplies and equipment from us or from suppliers we select or approve. We have sole discretion in determining what constitutes the image. The image is constantly evolving as markets change and evolve. You may not engage in sales through alternative distribution channels such as telemarketing, computer marketing, internet sales, including mobile apps without our prior written approval. We are not required to give you such approval.

We may change the System or any part of the System at any time, and as changed it will remain the System. We own any improvements or changes in the System whether we, you or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating you. If we modify the System, you must, at your own expense, adopt and use the modification(s) as if they were part of the System at the time you signed the Agreement. There are no restrictions on our right to modify the types of goods and services you will offer except that we will remain primarily offering and selling window care, house detailing, and holiday lighting services.

#### **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 Franchise Disclosure Document.**

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a.	Length of the Franchise Term	Article 1	10 years
b.	Renewal or extension of the term	Article 1	If you are in good standing and we continue the franchise system in your area, we may permit you to renew for another 5 year under the then-current agreement, which may be materially different than the agreement we are now offering.
c.	Requirements for Franchisee to renew or extend	Article 1,13	Be in good standing with us, sign new agreement, update or replace signs and equipment, retain Premises, give 12 months' notice.
d.	Termination by Franchisee	Article 13	For cause, if we breach a material provision of the contract and fail to cure 90 days after written notice then you can terminate upon notice of termination to us. Also upon expiration of the franchise term if you do not exercise your option to renew.
e.	Termination by Franchisor without cause	Not Applicable	Not Applicable
f.	Termination by Franchisor with cause	Article 13	We may terminate only for cause. We may, in lieu of terminating your franchise, terminate your territorial rights and leave your franchise in full force and effect; however, terminating your territorial rights does not limit our rights thereafter to terminate your franchise for the same or a different cause.
g.	"Cause" defined—curable defaults	Article 13	You have 72 hours to cure: failure to pay us or our affiliate or another Shine franchisee; unauthorized assignment; abandonment (even if unintentional); you become insolvent; failure to pay any taxes before delinquent; sublicensing of Marks; impasse among owners of Franchise; refusal to permit an audit; violation of any law or rule (including any health codes, rules or regulations); conviction of a felony; failure to operate properly using the Marks; unethical or dishonest business dealings; failure to maintain insurance; failure to timely deliver estoppel certificate; or termination of any other agreement between you and us for cause. You have 30

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
			days to cure any breach of the Agreement for which the Agreement does not specify a shorter period.
h.	"Cause" defined—non-curable defaults	Article 13	Non-curable defaults: repeated defaults, even if cured; you are adjudged bankrupt; assignment for benefit of creditors; abandonment of business; convicted or plead guilty to violating law relating to Franchised Business; failure to meet the Minimum Sales Volume.
i.	Franchisee's obligations on termination/non-renewal	Articles 13, 14, 15	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Operations Manual; certain notification obligations; payment of sums due to us; we have option to lease or assume lease for your Premises; sign document(s) to transfer telephone numbers; continuing royalties on pending sales, if any; and we have option to purchase any part of your business assets. If we elect to assume your lease and to operate a Shine business from your Premises, you must cooperate in a changeover procedure, including notifying the landlord of the change of tenant, conducting an inventory, permitting us to use your furniture, fixtures and equipment for up to 60 days, permitting us to communicate directly with your employees, vendors and customers in order to facilitate a smooth transition and pay the balance of royalties due for the remainder of the term.
j.	Assignment of contract by Franchisor	Articles 10	No restriction on our right to assign except that if our assignee assumes all of our obligations to you then we are free of further liability to you.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
k.	"Transfer" by Franchisee—defined	Articles 10, 11, 12	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of your business, the Premises, or of any ownership interest in the Franchisee if you are a corporation, partnership or limited liability company or other form of Entity.
l.	Franchisor approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.
m.	Conditions for Franchisor approval of transfer	Article 10	You are current in all fees to us; you are not in material breach of the Agreement; you have paid all debts of your business; new Franchisee signs release of claims against us for representations you made; you sign a mutual termination and release of the Agreement; we receive transfer fee of 50% or 100% of the then-current Initial Franchise Fee, as applicable (see Item 6); new Franchisee signs the then-current form of Agreement (except preserving your financial terms for balance of your term); new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to your Premises lease, if applicable; and we receive 30 day right of first refusal. The fee to transfer to an entity with identical ownership is \$500.
n.	Franchisor's right of first refusal to acquire Franchisee's business	Articles 11 & 15	We have a 45-day right of first refusal to purchase your Franchised Business. We may assign this right to another.
o.	Franchisor's option to purchase Franchisee's business	Article 15	On termination, we may purchase any part of your business at the fair market value of the tangible personal property purchased.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
p.	Death or disability of Franchisee	Articles 11 & 12	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the Franchised Business to a third party, subject to Article 13 of the Agreement. If we deny a request to continue to operate the business, the 90 days to sell begins on the date of our denial. The same applies if you become disabled as defined in Article 13.03 of the Agreement.
q.	Non-competition covenants during the term of the franchise	Article 14	No involvement in any competing business within a 20-mile radius of a Shine location.
r.	Non-competition covenants after the franchise is terminated or expires	Articles 14 & 16 (if applicable)	For 24 months, you must not compete with us within a 20 mile radius of a Shine location, solicit or divert any of our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets. For 24 months, you will not be employed by or in business with any person or entity that does any of those things.
s.	Modification of the agreement	Article 18	Only by written agreement; we may modify the Operations Manual at any time.
t.	Integration/merger clause	Article 18	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises or agreements may not be enforceable. No provision of the Franchise Agreement may disclaim or require the Franchisee to waive reliance on the representations made in the Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Article 16	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or National Advertising Fund fees or to enforce trademark or trade secret rights and covenants against competition, we will settle all disputes with you by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation.

	<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
v.	Choice of forum	Articles 16 & 18	Litigation or arbitration must be in the State of Texas (subject to state law).
w.	Choice of law	Article 18	Texas law applies (subject to state law).

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

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

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

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchises and 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.

#### **Franchised Businesses**

This financial performance representation discloses historical information regarding the Gross Revenue and Gross Profit of 14 Shine Franchised Businesses located in Michigan, Texas, Florida, New York, and Ohio. Each of the Franchised Businesses included in this representation were operated from at least January 1, 2018 through December 31, 2018 (“Measurement Period”). Three of the 23 Franchised Businesses which were in operation during the entire Measurement Period are entirely excluded from this representation because: (i) 2 franchisees failed for at least 6 months to operate their Franchised Business during the Measurement Period and did not operate in compliance with the Franchise Agreement and (ii) 1 franchisee did not report its gross sales to us using our required CRM system and did not provide us with reliable expense information. We also excluded 6 Franchised Businesses that offered only holiday lighting services and not window care and house detailing services. The Franchised Businesses included in this financial performance representation are substantially similar to the Franchised Business for which we are offering franchises in this disclosure document, and their services are substantially similar to those to be offered and sold by the business you would operate. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the franchise agreement. Two of the franchisees that operate multiple Franchised Businesses consolidate their sales for the purpose of reporting. One such franchisee owns 3 territories and the other owns 2 territories. The representations below are thus based on 11 total reports from 14 territories. Neither we nor our certified public accountants have audited the numbers reported to us by our franchisees, but we have no reasonable basis to question their reliability.

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

## Franchisees' Performance during 2018

	Average	Low	Median	High
<b>Total Gross Revenue</b>	\$562,224	\$143,783	\$464,413	\$1,170,040
<b>COGS</b>	\$244,000	\$32,725	\$200,012	\$489,038
<b>Gross Profit</b>	\$317,771	\$97,932	\$250,115	\$733,573
<b>Net Profit Before Royalties and Tech Fees</b>	\$162,399	\$38,257	\$100,397	\$444,370

### Annual Franchise Expenses Not Included in Table Above (assuming Average, Median, High, and Low Gross Sales from 2018 representations above)

	Average	Low	Median	High
<b>Royalties (7%)</b>	\$28,254	\$2,732	\$23,685	\$82,279
<b>Technology Fee</b>	\$4,200	\$4,200	\$4,200	\$4,200
<b>Digital Marketing Fee</b>	\$4,200	\$4,200	\$4,200	\$4,200

### Definitions

“COGS” means the cost of goods sold or the cost of providing the services performed by the Franchised Businesses (non-franchise owner labor costs).

“Gross Revenue” means total income to the franchise less applicable sales taxes, discounts and refunds. Gross Revenue does not include the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross sales figures to determine net income or profit.

“Gross Profit” means Gross Revenue minus COGS. Gross Profit does not include the costs of operating expenses or other costs or expenses that must be deducted from the gross sales figures to determine net income or profit.

“Net Profit Before Royalties and Tech Fees” means Gross Revenue minus COGS, direct operating expenses, advertising, administrative and general expenses. Because not all of our franchisees pay the same amount in royalties and technology fees, Net Profit Before Royalties and Tech Fees excludes the amount paid by the franchisees for the Royalties, Technology Fee, and Digital Marketing Fee you will be required to spend. Owner draw is also excluded from Net Profit Before Royalties and Tech Fees. The second chart in the representation shows the Royalties, Technology Fee, and Digital Marketing Fee you would be paying if you were to attain the average, high, low, and median revenue numbers reported by the franchisees in this representation.

You should conduct an independent investigation of the costs and expenses you will incur in operating your shine franchise. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

**Some outlets sold this amount. Your individual results may differ. There is no assurance you will sell as much.**

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing

franchise outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of future income, you should report it immediately to our franchisor management by contacting Chris Fisher at 1017 Ranch Road 620 South, Suite 101, Lakeway, TX 78734, chris@shineinfo.com and 800-513-1794, the Federal Trade Commission and the appropriate state regulatory agencies.

## Item 20. Outlets and Franchisee Information

**TABLE NO. 1**  
**Systemwide Outlet Summary**  
**For years 2016, 2017 and 2018**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	2016	14	18	+4
	2017	18	23	+5
	2018	23	29	+6
<b>Company-Owned</b>	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
<b>Total Outlets</b>	<b>2016</b>	<b>14</b>	<b>18</b>	<b>+4</b>
	<b>2017</b>	<b>18</b>	<b>23</b>	<b>+5</b>
	<b>2018</b>	<b>23</b>	<b>29</b>	<b>+6</b>

### Notes:

1. Six of the franchised locations offer only holiday lighting services. These holiday lighting only franchises are located in Pennsylvania, New York, South Carolina, Tennessee, and Oregon. We no longer offer holiday lighting only franchises.
2. Three of our minority shareholders own six of the Franchised Business franchise locations: two locations in Texas and four locations in Michigan. We treat these locations as franchised locations for purposes of Item 20.

**TABLE NO. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than the Franchisor)**  
**For years 2016, 2017 and 2018**

State	Year	Number of Transfers
<b>Michigan</b>	2016	1
	2017	0
	2018	1
<b>Texas</b>	2016	1
	2017	0
	2018	0
<b>TOTALS</b>	<b>2016</b>	<b>2</b>
	<b>2017</b>	<b>0</b>
	<b>2018</b>	<b>1</b>

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For Years 2016, 2017 and 2018**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
Florida	2016	3	1	0	0	0	0	4
	2017	4	1	0	0	0	0	5
	2018	5	1	0	0	0	0	6
Georgia	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Michigan	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
	2018	6	1	0	0	0	0	7
New York	2016	1	1	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Ohio	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Oklahoma	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
Oregon	2016	1	1	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Pennsylvania	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
South Carolina	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
Tennessee	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Texas	2016	1	1	0	0	0	0	2
	2017	2	3	0	0	0	0	5
	2018	5	0	0	0	0	0	5
<b>TOTALS</b>	<b>2016</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>
	<b>2017</b>	<b>18</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>
	<b>2018</b>	<b>23</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29</b>

**TABLE NO. 4**  
**Status of Company-Owned Outlets**  
**For Years 2016, 2017 and 2018**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
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<b>All States</b>	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
<b>TOTALS</b>	<b>2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE NO. 5**  
**Projected Openings As of December 31, 2018 for the Year 2019**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlet In This Fiscal Year</b>	<b>Projected New Company-Owned Outlet In This Fiscal Year</b>
<b>Florida</b>	1	1	0
<b>Georgia</b>	0	1	0
<b>Michigan</b>	0	1	0
<b>North Carolina</b>	0	1	0
<b>Oklahoma</b>	0	1	0
<b>Tennessee</b>	0	1	0
<b>Texas</b>	0	6	0
<b>TOTAL</b>	<b>0</b>	<b>12</b>	<b>0</b>

No franchisees have signed confidentiality clauses during the last 3 fiscal years. There are no trademark-specific franchisee organizations associated with our franchise system.

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

Exhibit C contains a list of past and current franchisees.

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

Exhibit A contains our Financial Statements for the periods ending December 31, 2018, 2017, and 2016. Our fiscal year ends on December 31.

### **Item 22. Contracts**

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

Exhibit B - Franchise Agreement, with:

- A Franchise Rider
- B Personal Guaranty and Agreement to be Bound Personally by the Terms and Conditions of the Franchise Agreement
- C Internet, Social Media, and Telephone Assignment
- D Nondisclosure and Noncompetition Agreement
- E Sample Mutual Termination and Release Agreement

### **Item 23. Receipts**

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

**EXHIBIT A**  
**FINANCIAL STATEMENTS**

**SHINE DEVELOPMENT, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2018 AND 2017**  
**AND FOR THE YEARS ENDING**  
**DECEMBER 31, 2018, 2017 AND 2016**

# SHINE DEVELOPMENT, INC.

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**The AUDIT GROUP, PLLC**  
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Shine Development, Inc.  
Austin, Texas

We have audited the accompanying financial statements of Shine Development, Inc. (an S-Corporation) which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in stockholders' equity, and cash flows for the years ended December 31, 2018, 2017 and 2016, 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 audits. We conducted our audits 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 of 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shine Development, Inc. as of December 31, 2018 and 2017 and the results of its operations and cash flows for the years ended December 31, 2018, 2017 and 2016, in conformity with accounting principles generally accepted in the United States of America.

  
The AUDIT GROUP, P.L.L.C.  
Grandville, Michigan

April 23, 2019

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4267 Canal Avenue S.W. Grandville, MI 49418 Phone (616) 538-0460 Fax (616) 538-0215

**SHINE DEVELOPMENT, INC.**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,738	\$ 74,157
Receivables:		
Franchise Fees Receivable	178,581	70,519
Rebates Receivable	10,488	8,887
Stockholders' Receivable	18,375	-
Prepaid Expenses	1,503	2,458
<b>Total Current Assets</b>	211,685	156,021
 <b>Equipment:</b>		
Furniture & Equipment	692	692
Leasehold Improvements	6,112	-
	6,804	692
Less: Accumulated Depreciation	(688)	(346)
<b>Net Equipment</b>	6,116	346
 <b>Other Assets:</b>		
Website Costs (Net of Accumulated Amortization)	18,750	18,833
Lease Deposit	2,010	-
<b>Total Other Assets</b>	20,760	18,833
<b>TOTAL ASSETS</b>	<b>\$ 238,561</b>	<b>\$ 175,200</b>

See accompanying notes to financial statements.

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**SHINE DEVELOPMENT, INC.**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 16,243	\$ 25,178
Line of Credit Payable	107,597	21,274
Notes Payable	-	11,554
Accrued Payroll and Related	27	15,851
Deferred Revenue	27,500	9,000
Other Accrued Expenses	708	-
<b>Total Current Liabilities</b>	152,075	82,857
<b>Stockholders' Equity:</b>		
Common Stock, Authorized 60,000 Shares; Issued and Outstanding 30,000 and 22,650 Shares at December 31, 2018 and 2017	80,163	43,413
Additional Paid in Capital	16,573	16,573
(Accumulated Deficit) Retained Earnings	(10,250)	32,357
<b>Total Stockholders' Equity</b>	86,486	92,343
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 238,561</b>	<b>\$ 175,200</b>

See accompanying notes to financial statements.

**SHINE DEVELOPMENT, INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

	2018	2017	2016
<b>REVENUES:</b>			
Continuing Franchise Fees	\$ 599,642	\$ 388,463	\$ 239,664
Initial Franchise Fees	124,700	73,500	29,300
Sale of Merchandise to Franchisees	50,881	36,429	-
Event Sponsorship	14,500	1,000	-
<b>Total Revenues</b>	<u>789,723</u>	<u>499,392</u>	<u>268,964</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	272,989	204,981	148,139
Advertising Expenses	96,035	61,649	54,647
Consulting Expenses	58,100	-	-
Cost of Merchandise Sold to Franchisees	53,460	30,983	-
Technology Expenses	47,659	28,641	10,248
Travel, Meals and Entertainment	33,397	25,723	20,616
National Conference	20,485	-	-
Rent	9,210	17,418	15,658
Payroll Taxes	21,939	15,982	11,531
Professional Fees	39,147	13,283	11,425
Telephone	11,247	10,528	6,746
Training	5,825	6,982	3,250
Broker Fees and Commissions	95,000	5,000	-
Auto and Gasoline	6,238	4,857	5,109
Amortization and Depreciation	7,328	4,555	139
Charitable Contributions	1,803	4,200	1,500
Office Expense	10,969	1,606	2,102
Continuing Education	5,884	704	-
Dues and Subscriptions	5,171	322	-
Bank Service Charges	2,204	935	-
Insurance	7,982	1,206	2,413
Licenses, Taxes and Fees	1,528	970	-
Franchisee Promotions	1,093	790	3,890
Other	7,433	7,446	11,119
<b>Total Operating Expenses</b>	<u>822,126</u>	<u>448,761</u>	<u>308,532</u>
<b>(LOSS) INCOME BEFORE OTHER INCOME EXPENSE:</b>	(32,403)	50,631	(39,568)
<b>OTHER INCOME (EXPENSE):</b>			
Other Income	10,487	10,087	11,534
Loss on Abandonment of Website	(8,097)	-	-
Interest Income	-	15	66
Interest Expense and Finance Charges	(12,594)	(6,948)	(2,952)
<b>Total Other (Expense) Income</b>	<u>(10,204)</u>	<u>3,154</u>	<u>8,648</u>
<b>NET (LOSS) INCOME</b>	<u><b>\$ (42,607)</b></u>	<u><b>\$ 53,785</b></u>	<u><b>\$ (30,920)</b></u>

See accompanying notes to financial statements.

**SHINE DEVELOPMENT, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID IN CAPITAL</u>	<u>RETAINED EARNINGS (ACCUMULATED DEFICIT)</u>	<u>TOTAL STOCKHOLDERS' EQUITY</u>
<b><i>Balance, January 1, 2017</i></b>	\$ 43,413	\$ 16,573	\$ (21,428)	\$ 38,558
Net Income			53,785	53,785
<b><i>Balance, December 31, 2017</i></b>	43,413	16,573	32,357	92,343
Issuance of 7,350 Shares of Common Stock	36,750			36,750
Net Income			(42,607)	(42,607)
<b><i>Balance, December 31, 2018</i></b>	<b><u>\$ 80,163</u></b>	<b><u>\$ 16,573</u></b>	<b><u>\$ (10,250)</u></b>	<b><u>\$ 86,486</u></b>

See accompanying notes to financial statements.

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**SHINE DEVELOPMENT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income (Loss)	\$ (42,607)	\$ 53,785	\$ (30,920)
Adjustments Needed to Reconcile Net Income to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	7,328	4,555	139
Loss on Abandonment of Website	8,097	-	-
Stock-Based Compensation	18,375	-	-
(Increase) Decrease in Assets:			
Franchise Fees Receivable	(108,062)	(45,737)	(3,274)
Other Receivables	(1,601)	(1,304)	(7,583)
Prepaid Expenses	955	(1,252)	(1,206)
Lease Deposit	(2,010)	-	-
Increase (Decrease) in Liabilities:			
Accounts Payable	(8,935)	902	21,860
Deferred Revenue	18,500	9,000	-
Accrued Payroll and Related	(15,824)	9,164	3,675
Other Accrued Expenses	708	-	-
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(125,076)</b>	<b>29,113</b>	<b>(17,309)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Repayments of Related Party Notes Receivable	-	5,140	2,816
Capital Expenditures	(6,112)	-	-
Website Costs	(15,000)	(10,000)	(5,000)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(21,112)</b>	<b>(4,860)</b>	<b>(2,184)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net Borrowings (Payments) on Lines-of-Credit	86,323	(3,719)	22,949
Net (Payments) Borrowings on Short-Term Notes Payable	(11,554)	11,554	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>74,769</b>	<b>7,835</b>	<b>22,949</b>
<b>(DECREASE) INCREASE) IN CASH</b>	<b>(71,419)</b>	<b>32,088</b>	<b>3,456</b>
<b>BEGINNING CASH BALANCE</b>	<b>74,157</b>	<b>42,069</b>	<b>38,613</b>
<b>ENDING CASH BALANCE</b>	<b>\$ 2,738</b>	<b>\$ 74,157</b>	<b>\$ 42,069</b>

See accompanying notes to financial statements.

**SHINE DEVELOPMENT, INC.**  
STATEMENTS OF CASH FLOWS - CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

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	2018	2017	2016
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
During the year, cash was paid for:			
Interest and Finance Charges	\$11,886	\$ 6,948	\$ 2,952

**NON-CASH ACTIVITIES:**

In 2018, the Company issued 7,350 shares of common stock in exchange for \$18,375 of services rendered and \$18,375 of stockholders' receivables.

See accompanying notes to financial statements.

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**SHINE DEVELOPMENT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND FOR THE YEARS ENDING DECEMBER 31, 2018, 2017 AND 2016

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

**NATURE OF BUSINESS**

The Company is a franchisor with franchisees in various states. The Company had 28, 23 and 19 franchisees in 2018, 2017 and 2016 respectively. The franchisees operate in specified territories under the names of Shine Window Care and Shine Holiday Lighting. The Company provides training, marketing, and general business assistance for the franchisees in exchange for an initial fee and monthly royalty fees.

**CASH**

For purposes of the statement of cash flows, cash includes demand deposit accounts and other temporary investments with original maturities of less than three months. The Company may periodically maintain deposits in a single financial institution which exceed federally insured limits.

**FRANCHISE FEES RECEIVABLE**

Franchise fees receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible at December 31, 2018 and 2017; therefore, an allowance for doubtful accounts has not been recorded. See Note 8.

**REBATES RECEIVABLE**

The Company earns rebates on both its purchases and franchisee purchases from certain vendors. Rebate credits are recorded when earned as either a reduction of its expenses or other income as applicable.

**PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets for financial reporting purposes and by using statutory recovery periods and accelerated methods for income tax purposes. Cost of maintenance and repairs are charged to expense when incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation expense amounted to \$342, \$138 and \$139 in 2018, 2017 and 2016, respectively.

**USE OF ESTIMATES**

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

**SHINE DEVELOPMENT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND FOR THE YEARS ENDING DECEMBER 31, 2018, 2017 AND 2016

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

results could differ from those estimates.

**REVENUE RECOGNITION**

Revenues from sales of individual franchises is recognized when substantially all significant services to be provided by the company have been performed. Continuing franchise fees are recognized when earned.

**INCOME TAXES**

The Company has elected to be treated as a Sub-Chapter S Corporation. As a result, tax effects of the Company's income or loss are passed through to the individual owners. Accordingly, no provision or liability for income taxes is reflected in the accompanying financial statements.

**ADVERTISING**

Advertising costs are charged to operations when incurred. Advertising expenses were \$96,035, \$61,649 and \$54,647 for the years ending December 31, 2018, 2017 and 2016, respectively.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of accounts receivable, notes receivable, accounts payable, and other debt obligations. The Company estimates that the carrying value of all financial instruments for which it is practical to estimate fair value, approximates such fair value due to the short maturities of the financial instruments or because the financial instruments carry interest rates that approximate market rates.

**NOTE 2 – STOCKHOLDERS' RECEIVABLE/STOCK-BASED COMPENSATION**

On January 1, 2018 the Company issued 7,350 shares of its common stock to six stockholders in exchange for \$18,375 of services rendered in 2018 along with stockholders' receivables of \$18,375, for a total of valuation recognized of \$36,750. The valuation and number of shares issued have been determined by Management. The receivables are non-interest bearing and are to be repaid with services rendered in 2019.

**NOTE 3 – WEBSITE COSTS**

The Company has incurred costs for website development. The Company paid \$20,000 over two years (\$10,000 each in 2017 and 2018) to upgrade the Company website. The Company also paid \$5,000 to develop a new Holiday Lighting website in 2018. These costs are subject to amortization over the useful life of the website as determined by Management. In 2018, the Company wrote off unamortized costs of

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**SHINE DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2018 AND 2017**  
**AND FOR THE YEARS ENDING DECEMBER 31, 2018, 2017 AND 2016**

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**NOTE 3 – WEBSITE COSTS - Continued**

\$8,097 from its former website. Amortization expense amounted to \$6,986 in 2018, \$4,417 in 2017, and \$ - 0 - in 2016 .

Website costs are summarized as follows at December 31:

	2018	2017
Website Costs	\$ 25,000	\$ 30,750
Less: Accumulated Amortization	(6,250)	(11,917)
Website Costs, Net of Accumulated Amortization	\$ 18,750	\$ 18,833

**NOTE 4 – LINES OF CREDIT**

On June 8, 2018, the Company entered into an operating line of credit agreement with a bank in the amount of \$150,000 bearing interest at 2.5% over the bank’s prime rate (adjusted on the first of the month), an effective rate of 7.75% at December 31, 2018. The line is available through June 8, 2021, is secured by a security agreement executed by the Company, guaranties by two of the Company’s stockholders and limited guaranties by those stockholders’ spouses. As of December 31, 2018, \$107,597 is outstanding on this agreement.

The Company also has a \$25,000 bank line-of-credit agreement to provide working capital. The line is secured by the personal guaranty of a stockholder and substantially all assets of the Company. Interest is charged at 3.25% above the Bank’s prime rate, an effective rate of 8.75% and 7.75% at December 31, 2018 and 2017, respectively. Interest and a small amount of the outstanding principal are payable monthly. The outstanding balance on this line-of-credit was \$- 0 - and \$21,274 as of December 31, 2018 and 2017, respectively.

**NOTE 5 – SHORT TERM NOTES PAYABLE**

The Company has a line-of-credit agreement with a third bank. The agreement makes available \$23,500 to draw loans against for business capital. Each loan advance under this line-of-credit arrangement requires a separate loan agreement detailing a repayment term of either six or twelve months along with required loan fees. At December 31, 2018, the Company did not have any outstanding loans drawn against the agreement.

**SHINE DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2018 AND 2017**  
**AND FOR THE YEARS ENDING DECEMBER 31, 2018, 2017 AND 2016**

**NOTE 5 – SHORT TERM NOTES PAYABLE - Continued**

At December 31, 2017, the Company had two outstanding loans drawn against the agreement. Both of the Company's outstanding loans had six-month repayment terms requiring monthly installments of principal plus loan fees of 2.25% of the original loan amount for each of the first two months, followed by loan fees of 1% of the original loan amount for each of the months three through six. Loan fees may only be reduced by prepayment of the outstanding loan balance in full. The loans were secured by the personal guarantee of a stockholder and certain covenants.

Following is a summary of outstanding loans under the agreement at December 31:

	<u>2018</u>	<u>2017</u>
Note payable, required monthly payments of principal and loan fees totaling \$1,892 for January 2018, then \$1,767 for balance of loan term.	\$ -	\$ 8,558
Note payable, required monthly payments of principal and loan fees totaling \$662 for January 2018, then \$618 for balance of loan term.	-	2,996
	<u>\$ -</u>	<u>\$ 11,554</u>

**NOTE 6 – DEFERRED REVENUE**

Deferred revenue consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Revenue from initial franchise sales attributable to service required to be provided by the Company that have not yet been performed.	\$ 27,500	\$ -
National Advertising Fund fees (see Note 7)	-	9,000
	<u>\$ 27,500</u>	<u>\$ 9,000</u>

**SHINE DEVELOPMENT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND FOR THE YEARS ENDING DECEMBER 31, 2018, 2017 AND 2016

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**NOTE 7 – NATIONAL ADVERTISING FUND**

Beginning in November 2017, the Company established a National Advertising Fund (“Advertising Fund”). The Company maintains and administers the Advertising Fund to cover advertising and promotional programs as it deems necessary. The Company charges its franchisees a fee of one percent of gross sales (franchisees operating under agreements prior to 2018 are subject to a \$1,500 per year cap on the fee) for the Advertising Fund or, at the option of the franchisee, a one-time charge of \$1,000 was paid for their required 2018 contribution to the Advertising Fund. The Company directs all marketing programs financed by the Advertising Fund, and has sole discretion over the creative concepts, materials, and endorsements used therein, and the geographic, market and media placement, and allocation thereof. The Advertising Fund will not be used to defray any of the general operating expenses of the Company, except for reasonable salaries, administrative costs, and overhead that may be incurred related to the administration of the Advertising Fund. The Company may, in any year, spend an amount greater or less than the total contributions received from its franchisees. In 2018, the Company collected Advertising Fund fees of \$18,938. In 2018, the Company spent \$13,880 on national advertising and marketing expenses. In addition, the Company spent \$15,000 on website development during 2018 (see Note 3). In 2017, the Company collected Advertising Fund fees of \$637 and had expenditures far exceeding this amount. In addition, included on the balance sheet at December 31, 2017 is deferred revenue of \$9,000 for fees collected from franchisees for their respective required 2018 contribution to the Advertising Fund.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

Franchise revenues earned from franchises related by common ownership amounted to \$228,815, \$152,077 and \$113,384 in 2018, 2017 and 2016, respectively.

Accounts Receivable included \$64,570 and \$11,632 due from related parties at December 31, 2018 and 2017, respectively.

During 2017 and 2016 the Company leased facilities from a partnership related by common ownership under a month-to-month lease. These lease payments amounted to \$8,500 and \$15,450, for 2017 and 2016, respectively.

**NOTE 9 – LEASES**

Effective October 1, 2018, the Company entered into an agreement to lease office facilities. The agreement, which extends through September, 2020, requires monthly payments of \$1,800 per month and is adjusted to \$2,000 per month on October 1, 2019. The Company is also responsible for electricity and insurance during the lease term.

**SHINE DEVELOPMENT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND 2017  
AND FOR THE YEARS ENDING DECEMBER 31, 2018, 2017 AND 2016

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**NOTE 9 – LEASES - Continued**

The following is a schedule of minimum lease payments required under the lease:

Year Ending December 31,		
	2019	\$ 22,200
	2020	<u>18,000</u>
		<u>\$ 40,200</u>

As noted in Note 8, during 2017 and 2016 the Company leased facilities from a partnership related by common ownership under a month-to-month lease. Beginning in March 2017 through June 2018, the Company rented office space through a "workspace community."

Total rent expense amounted to \$9,210, \$17,418 and \$15,658, for the years ended December 31, 2018, 2017 and 2016, respectively.

**NOTE 10 – RECLASSIFICATIONS**

Certain items in the December 31, 2017 and 2016 statements of operations were reclassified to conform to current year presentation. Such reclassifications had no effect on net income as previously reported.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 23, 2019 which is the date the financial statements were available to be issued.

**SHINE DEVELOPMENT, INC.**

**AUDITED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2017 AND 2016  
AND FOR THE YEARS ENDING  
DECEMBER 31, 2017, 2016 AND 2015**

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**The AUDIT GROUP, PLLC**  
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Shine Development, Inc.  
Austin, Texas

We have audited the accompanying financial statements of Shine Development, Inc. (an S-Corporation) which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in retained earnings, and cash flows for the years ended December 31, 2017, 2016 and 2015, 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**

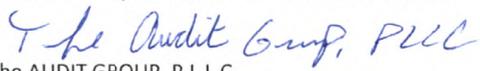
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shine Development, Inc. as of December 31, 2017 and 2016 and the results of its operations and cash flows for the years ended December 31, 2017, 2016 and 2015, in conformity with accounting principles generally accepted in the United States of America.

  
The AUDIT GROUP, P.L.L.C.  
Grandville, Michigan

May 3, 2018

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4267 Canal Avenue S.W. Grandville, MI 49418 Phone (616) 538-0460 Fax (616) 538-0215

**SHINE DEVELOPMENT, INC.**

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

	2017	2016
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 74,157	\$ 42,069
Receivables:		
Franchise Fees Receivable	70,519	24,782
Rebates Receivable	8,887	7,583
Note Receivable - Related Party	-	3,990
Prepaid Expenses	2,458	1,206
Total Current Assets	156,021	79,630
Equipment:		
Furniture & Equipment	692	692
Less: Accumulated Depreciation	(346)	(208)
Net Equipment	346	484
Other Assets:		
Note Receivable - Related Party	-	1,150
Website Costs (Net of Accumulated Amortization)	18,833	13,250
Total Other Assets	18,833	14,400
<b>TOTAL ASSETS</b>	<b>\$ 175,200</b>	<b>\$ 94,514</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$ 25,178	\$ 24,276
Line of Credit Payable	21,274	24,993
Notes Payable	11,554	-
Accrued Payroll and Related	15,851	6,687
Deferred Revenue	9,000	-
Total Current Liabilities	82,857	55,956
Stockholders' Equity:		
Common Stock, Authorized 60,000 Shares; <i>Issued and Outstanding 22,650 Shares</i>	43,413	43,413
Additional Paid in Capital	16,573	16,573
Retained Earnings (Accumulated Deficit)	32,357	(21,428)
Total Stockholders' Equity	92,343	38,558
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 175,200</b>	<b>\$ 94,514</b>

See accompanying notes to financial statements.

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**SHINE DEVELOPMENT, INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

	2017	2016	2015
<b>REVENUES:</b>			
Continuing Franchise Fees	\$ 388,463	\$ 239,664	\$ 190,796
Initial Franchise Fees	73,500	29,300	45,500
Sale of Merchandise to Franchisees	36,429	-	-
Total Revenues	<u>498,392</u>	<u>268,964</u>	<u>236,296</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	204,981	148,139	117,691
Advertising Expenses	61,649	54,647	19,677
Cost of Merchandise Sold to Franchisees	30,983	-	-
Technology Expenses	28,641	10,248	6,220
Travel, Meals and Entertainment	25,604	20,616	21,317
Rent	17,418	15,658	12,400
Payroll Taxes	15,982	11,531	9,802
Professional Fees	13,283	11,425	11,297
Telephone	10,528	6,746	3,621
Training	6,982	3,250	8,930
Commissions and Referrals	5,000	-	4,100
Auto and Gasoline	4,857	5,109	6,321
Amortization and Depreciation	4,555	139	69
Charitable Contributions	4,200	1,500	1,000
Office Supplies	1,606	2,102	3,206
Insurance	1,206	2,413	3,414
Franchisee Promotions	790	3,890	1,940
Other	10,496	11,119	7,908
Total Operating Expenses	<u>448,761</u>	<u>308,532</u>	<u>238,913</u>
<b>(LOSS) INCOME BEFORE OTHER INCOME (EXPENSE)</b>	<b>49,631</b>	<b>(39,568)</b>	<b>(2,617)</b>
<b>OTHER INCOME (EXPENSE):</b>			
Other Income	11,087	11,534	-
Interest Income	15	66	147
Interest Expense and Finance Charges	(6,948)	(2,952)	(124)
Total Other Income (Expense)	<u>4,154</u>	<u>8,648</u>	<u>23</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$ 53,785</u></b>	<b><u>\$ (30,920)</u></b>	<b><u>\$ (2,594)</u></b>

See accompanying notes to financial statements.

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**SHINE DEVELOPMENT, INC.**  
**STATEMENTS OF CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

	2017	2016	2015
<b>RETAINED EARNINGS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	\$ (21,428)	\$ 9,492	\$ 12,086
<b>CURRENT YEAR INCOME (LOSS)</b>	53,785	(30,920)	(2,594)
<b>STOCKHOLDER DISTRIBUTIONS</b>	-	-	-
<b>RETAINED EARNINGS (ACCUMULATED DEFICIT), END OF YEAR</b>	<u>\$ 32,357</u>	<u>\$ (21,428)</u>	<u>\$ 9,492</u>

See accompanying notes to financial statements.

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**SHINE DEVELOPMENT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income (Loss)	\$ 53,785	\$ (30,920)	\$ (2,594)
Adjustments Needed to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	4,555	139	69
(Increase) Decrease in Assets:			
Franchise Fees Receivable	(45,737)	(3,274)	(7,891)
Other Receivables	(1,304)	(7,583)	-
Prepaid Expenses	(1,252)	(1,206)	-
Increase (Decrease) in Liabilities:			
Accounts Payable	902	21,860	(3,843)
Deferred Revenue	9,000	-	-
Accrued Payroll and Related	9,164	3,675	(346)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>29,113</b>	<b>(17,309)</b>	<b>(14,605)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Repayments of Related Party Notes Receivable	5,140	2,816	14,644
Capital Expenditures	-	-	(692)
Website Costs	(10,000)	(5,000)	(8,250)
<b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(4,860)</b>	<b>(2,184)</b>	<b>5,702</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net Borrowings (Payments) on Line-of-Credit	(3,719)	22,949	2,044
Net Borrowings (Payments) on Short-Term Notes Payable	11,554	-	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>7,835</b>	<b>22,949</b>	<b>2,044</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>32,088</b>	<b>3,456</b>	<b>(6,859)</b>
<b>BEGINNING CASH BALANCE</b>	<b>42,069</b>	<b>38,613</b>	<b>45,472</b>
<b>ENDING CASH BALANCE</b>	<b>\$ 74,157</b>	<b>\$ 42,069</b>	<b>\$ 38,613</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
During the year, cash was paid for:			
Interest and Finance Charges	\$ 6,948	\$ 2,952	\$ 124

See accompanying notes to financial statements.

**SHINE DEVELOPMENT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2017 AND 2016  
AND FOR THE YEARS ENDING DECEMBER 31, 2017, 2016 AND 2015

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

**NATURE OF BUSINESS**

The Company is a franchisor with franchisees in various states. The Company had 23, 19 and 14 franchisees in 2017, 2016 and 2015 respectively. The franchisees operate in specified territories under the names of Shine Window Care and Shine Holiday Lighting. The Company provides training, marketing, and general business assistance for the franchisees in exchange for an initial fee and monthly royalty fees.

**CASH**

For purposes of the statement of cash flows, cash includes demand deposit accounts and other temporary investments with original maturities of less than three months. The Company may periodically maintain deposits in a single financial institution which exceed federally insured limits.

**FRANCHISE FEES RECEIVABLE**

Franchise fees receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible at December 31, 2017 and 2016; therefore, an allowance for doubtful accounts has not been recorded.

**REBATES RECEIVABLE**

The Company earns rebates on both its purchases and franchisee purchases from certain vendors. Rebate credits are recorded when earned as either a reduction of its expenses or other income as applicable.

**PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets for financial reporting purposes and by using statutory recovery periods and accelerated methods for income tax purposes. Cost of maintenance and repairs are charged to expense when incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation expense amounted to \$138, \$139 and \$69 in 2017, 2016 and 2015, respectively.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the

**SHINE DEVELOPMENT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2017 AND 2016  
AND FOR THE YEARS ENDING DECEMBER 31, 2017, 2016 AND 2015

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**REVENUE RECOGNITION**

Revenues from sales of individual franchises is recognized when substantially all significant services to be provided by the company have been performed. Continuing franchise fees are recognized when earned.

**INCOME TAXES**

The Company has elected to be treated as a Sub-Chapter S Corporation. As a result, tax effects of the Company's income or loss are passed through to the individual owners. Accordingly, no provision or liability for income taxes is reflected in the accompanying financial statements.

**ADVERTISING**

Advertising costs are charged to operations when incurred. Advertising expenses were \$61,649, \$54,647 and \$19,677 for the years ending December 31, 2017, 2016 and 2015, respectively.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of accounts receivable, notes receivable, accounts payable, and other debt obligations. The Company estimates that the carrying value of all financial instruments for which it is practical to estimate fair value, approximates such fair value due to the short maturities of the financial instruments or because the financial instruments carry interest rates that approximate market rates.

**NOTE 2 – WEBSITE COSTS**

The Company has incurred costs for website development. In 2017, \$10,000 was paid to upgrade the Company website. This website was not in service as of December 31, 2017. In 2016, development was completed on a new Holiday Lighting website. These costs are subject to amortization over the useful life of the website as determined by management. Amortization expense amounted to \$4,417 in 2017, and \$ - 0 - in 2016 and 2015.

**SHINE DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017 AND 2016**  
**AND FOR THE YEARS ENDING DECEMBER 31, 2017, 2016 AND 2015**

**NOTE 2 – WEBSITE COSTS (Continued)**

	2017	2016
Website Costs	\$ 30,750	\$ 20,750
Less: Accumulated Amortization	(11,917)	(7,500)
Website Costs, Net of Accumulated Amortization	\$ 18,833	\$ 13,250

**NOTE 3 – NOTE RECEIVABLE - RELATED PARTY**

In 2012, the Company sold a franchise to a company owned by one of the Stockholders in exchange for a note receivable. The note repayments were receivable in monthly installments of \$288 including interest at 1.17%. The note was paid off early during the year ending December 31, 2017.

The note receivable is presented on the balance sheets as follows at December 31:

	2017	2016
Notes Receivable - Current	\$ -	\$ 3,990
Notes Receivable - Long Term	-	1,150
	\$ -	\$ 5,140

**NOTE 4 – NOTE RECEIVABLE - LINE OF CREDIT**

The Company has a \$25,000 bank line-of-credit agreement to provide working capital. The line is secured by the personal guaranty of a stockholder and substantially all assets of the Company. Interest is charged at 3.25% above the Bank's prime rate, an effective rate of 7.75% and 7% at December 31, 2017 and 2016, respectively. \$21,274 and \$24,993 was outstanding on this line as of December 31, 2017 and 2016, respectively. Interest and a small amount of principal are payable monthly.

**NOTE 5 – SHORT TERM NOTES PAYABLE**

The Company has two outstanding loans drawn against a line-of-credit agreement with a second bank. The line-of-credit agreement makes available \$18,800 to draw loans against for business capital. Each loan advance under this line-of-credit arrangement requires a separate loan agreement detailing a repayment term of either six or twelve months along with required

**SHINE DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2017 AND 2016**  
**AND FOR THE YEARS ENDING DECEMBER 31, 2017, 2016 AND 2015**

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**NOTE 5 – SHORT TERM NOTES PAYABLE (Continued)**

loan fees. Both of the Company's outstanding loans have six-month repayment terms requiring monthly installments of principal plus loan fees of 2.25% of the original loan amount for each of the first two months, followed by loan fees of 1% of the original loan amount for each of the months three through six. Loan fees may only be reduced by prepayment of the outstanding loan balance in full. The loans are secured by the personal guarantee of a stockholder and certain covenants.

Following is a summary of outstanding loans under the agreement at December 31:

	2017	2016
Note payable, requires monthly payments of principal and loan fees totaling \$1,892 for January 2018, then \$1,767 for balance of loan term. Due May, 2018.	\$ 8,558	\$ -
Note payable, requires monthly payments of principal and loan fees totaling \$662 for January 2018, then \$618 for balance of loan term. Due May, 2018.	2,996	-
	\$ 11,554	\$ -

**NOTE 6 – RELATED PARTY TRANSACTIONS**

Franchise revenues earned from franchises related by common ownership amounted to \$152,077, \$113,384 and \$122,316 in 2017, 2016 and 2015, respectively.

Accounts Receivable included \$11,632 and \$6,685 due from related parties at December 31, 2017 and 2016, respectively.

During 2017, 2016 and 2015 the Company leased facilities from a partnership related by common ownership under a month-to-month lease. Lease payments amounted to \$8,500, \$15,450 and \$12,400, for 2017, 2016 and 2015, respectively.

**SHINE DEVELOPMENT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2017 AND 2016  
AND FOR THE YEARS ENDING DECEMBER 31, 2017, 2016 AND 2015

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**NOTE 7 – NATIONAL ADVERTISING FUND - DEFERRED REVENUE**

Beginning in November 2017, the Company established a National Advertising Fund (“Advertising Fund”). The Company maintains and administers the Advertising Fund to cover advertising and promotional programs as it deems necessary. The Company charges its franchisees a fee of one percent of gross sales up to \$1,500 per year (new franchisees will not have a cap) for the Advertising Fund or, at the option of the franchisee, a one-time charge of \$1,000 for their required 2018 contribution to the Advertising Fund. The Company directs all marketing programs financed by the Advertising Fund, and has sole discretion over the creative concepts, materials, and endorsements used therein, and the geographic, market and media placement, and allocation thereof. The Advertising Fund will not be used to defray any of the general operating expenses of the Company, except for reasonable salaries, administrative costs, and overhead that may be incurred related to the administration of the Advertising Fund. The Company may, in any year, spend an amount greater or less than the total contributions received from its franchisees. In 2017, the Company collected Advertising Fund fees of \$637 and had expenditures far exceeding this amount. In addition, included on the balance sheet at December 31, 2017 is deferred revenue of \$9,000 for fees collected from franchisees for their respective required 2018 contribution to the Advertising Fund.

**NOTE 8 – LEASES**

As noted in Note 6, during 2017, 2016 and 2015 the Company leased facilities from a partnership related by common ownership under a month-to-month lease. Beginning in March 2017, the Company began renting office space through a “workspace community.” The rent charged at December 31, 2017 for the office space is \$700 on a month-to-month basis.

Total rent expense for the years ended December 31, 2017, 2016 and 2015 amounted to \$17,418, \$15,658 and \$12,400, for 2017, 2016 and 2015, respectively.

**NOTE 9 – SUBSEQUENT EVENTS**

The Company issued an additional 7,350 shares of stock on January 1, 2018 to multiple investors in exchange for either cash or services rendered.

Management has evaluated subsequent events through May 3, 2018 which is the date the financial statements were available to be issued.

**EXHIBIT B**  
**FRANCHISE AGREEMENT**  
**Shine Development Inc.**

**OHIO FRANCHISEE NOTICE OF RIGHT TO CANCEL**

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day following \_\_\_\_\_. See the attached notice of cancellation for an explanation of this right.

Notice of cancellation

\_\_\_\_\_  
(Enter effective date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to SHINE DEVELOPMENT INC., 1017 Ranch Road 620 South, Suite 101, Lakeway, TX 78734, 800-513-1794, not later than midnight of the fifth business day following \_\_\_\_\_.

I hereby cancel this transaction.

\_\_\_\_\_  
(Purchaser's Signature)

(Date) \_\_\_\_\_

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ADDENDA

- A FRANCHISE RIDER
- B PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT
- C INTERNET, SOCIAL MEDIA, AND TELEPHONE ASSIGNMENT
- D NONDISCLOSURE AND NONCOMPETITION AGREEMENT
- E SAMPLE MUTUAL TERMINATION AND RELEASE AGREEMENT

**SHINE DEVELOPMENT INC.**

**SHINE FRANCHISE AGREEMENT**

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

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of the \_\_\_\_\_ date of \_\_\_\_\_ by and between SHINE DEVELOPMENT INC., a Michigan corporation ("Franchisor"), with its principal address of 1017 Ranch Road 620 South, Suite 101, Lakeway, TX 78734, and \_\_\_\_\_, a \_\_\_\_\_, with its principal business address of \_\_\_\_\_ ("Franchisee").

**RECITALS**

**WHEREAS**, Franchisor has expended time, money and effort to develop a unique system for operating businesses offering window care, pressure washing, house detailing, and holiday lighting services (the methods of operation are referred to herein as the "System");

**WHEREAS**, the distinguishing characteristics of the System include the names "**Shine Window Care®**," "**Shine Holiday Lighting®**" and "**Shine**" (interchangeably and collectively referred to herein as "Shine"), a recognized and superior level of customer service and attention to detail; exceptional values and commitment to service; the use of unique eco-friendly and safe materials; uniformity of products and services offered; and proprietary standards, specifications, rules and procedures of operations, techniques, all of which may be improved, amended and further developed by Franchisor from time to time;

**WHEREAS**, Franchisor identifies its goods and services with certain service marks, trade names and trademarks, including, but not limited to "**Shine**," "**Shine Window Care®**" and "**Shine Holiday Lighting®**" and related logos and marks and trade dress and certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Franchisor for use in connection with the System (the "Marks");

**WHEREAS**, Franchisee recognizes the advantages and value of the System and Marks and desires to obtain a license from Franchisor for use of the Marks and the System solely for the operation of a business in the territory listed below (the "Franchised Business") and Franchisee desires to use the Marks and the System, and to obtain and use the methods, know how, experience and form of operation acquired, devised and/or established by Franchisor and other benefits derived from this license relationship strictly in accordance with the provisions set forth below;

**WHEREAS**, Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may reasonably modify it from time to time;

**WHEREAS**, Franchisee is aware of the risks, business and otherwise, associated with owning a Franchised Business and has independently evaluated those risks without relying upon any representations from Franchisor or Franchisor's agents regarding revenues, profits or probability of success, excepting only those representations and accompanying cautions contained in Franchisor's Franchise Disclosure Document, revenues, profits or probability of success being affected primarily by factors beyond Franchisor's control, including Franchisee's skill, personality, diligence and dedication and general regional or local economic or demographic conditions; and

**WHEREAS**, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement, which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material;

**NOW THEREFORE**, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows:

## **Article 1 - System**

### 1.01 Grant.

Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a nonexclusive license ("License") to operate one (1) Franchised Business at the location ("Location") specified in the Franchise Rider attached hereto as Addendum 1, within the Territory, as set forth in the same Addendum, for the Term. The terms of Addendum 1 are hereby incorporated into this Agreement by reference. Franchisee agrees to identify its Franchised Business and all of its products and services only by the Marks. Franchisee has no right to use the System or the Marks for any purpose other than as expressly provided herein.

Franchisor and Franchisor's affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement, including, without limitation, the right to sell products and provide services anywhere (including within the protected Territory), including to Franchisee's customer, under the "Shine" name, or under any other name, through any channel of distribution other than a mobile service business.

1.02 Initial Term. The initial term of this Agreement shall commence upon the execution of this Agreement, and shall expire at midnight on the day preceding the tenth (10th) anniversary date of execution of this Agreement (the "Term" or the "Initial Term"), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

1.03 Renewal. Upon expiration of the Initial Term, if Franchisor has made a business decision, in Franchisor's sole discretion, to continue the Shine System in Franchisee's area, Franchisee will be permitted to renew Franchisee's Franchise Agreement for a renewal term of five (5) years from the date of expiration of the Initial Term (the "Renewal Term"), but only upon the following terms and conditions:

1.03.01 Franchisee shall give written notice to Franchisor at least six (6) months, but not more than twelve (12) months, prior to the end of the Initial Term of Franchisee's desire to renew;

1.03.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Paragraph 1.03.02 and at the commencement of the Renewal Term and must have substantially complied with the operating standards and other criteria contained in the Manual or otherwise communicated in writing by Franchisor;

1.03.03 Franchisee shall pay a renewal fee of \$5,000.

1.03.04 Franchisee shall execute the then current form of Franchise Agreement, which may differ in material ways that are not reasonably foreseeable at this time, but may include material differences in territorial boundaries and economic terms, including the amount of royalties and National Advertising Fund Fees or entirely new categories of fees or mandatory expenses;

1.03.05 Franchisee has not received more than three (3) notices of default during any consecutive twelve-month (12) month period during the Initial Term;

1.03.06 Upon receipt of the Disclosure Document and the form of Shine Franchise Agreement then being offered to new franchisees, Franchisee will acknowledge such receipt by executing the acknowledgement of receipt form contained in the Disclosure Document and returning it to Franchisor;

1.03.07 Franchisee executes and delivers to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that Franchisee may have against Franchisor and its affiliates and subsidiaries, and their respective officers, directors, shareholders and employees in both their corporate and individual capacities in a form and content satisfactory to Franchisor;

1.03.08 Franchisee must not, during the Initial Term, have engaged in any business dealings in relation with the Franchised Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, any other Franchisee, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee, Franchisor or of another Franchisee; and

1.03.09 Franchisee shall make or provide for in a manner satisfactory to Franchisor, such re-equipping of the Franchised Business as Franchisor may require, including, without limitation, replacement, renovation, or upgrading of signs, vehicles, vehicle wraps, tools, supplies, equipment, technology, or computer hardware or software to reflect the then-current standards and image of the System.

1.03.10 If Franchisee fails to perform any of the acts set forth in Paragraphs 1.03.1 through 1.03.09 in a timely fashion, such failure will be deemed an election by Franchisee not to exercise its right to renew, and will cause Franchisee's right to renew to expire without further notice or action by Franchisor.

1.03.11 Renewal of the franchise after the Initial Term shall not constitute a renewal or extension of this Agreement, but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term, be governed by the Franchise Agreement then executed by Franchisee. If Franchisee fails to meet any of the conditions under Paragraph 1.03 with respect to renewal of the franchise, then the franchise shall automatically expire at the end of the Initial Term.

1.03.12 Unless Franchisee exercises its option to renew the franchise granted under this agreement in accordance with this Paragraph, Franchisee has no right to continue to operate the Franchised Business after the expiration date of the Initial Term ("Expiration Date"). If Franchisor permits Franchisee to continue to operate the Franchised Business after the Expiration Date, but before the execution by Franchisee of a new Franchise Agreement for a new term as required by Paragraphs 1.03.1 through 1.03.09 above, then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at Franchisor's will by giving Franchisee written notice of termination at least thirty (30) days before the

termination is effective. If the law of the jurisdiction in which Franchisee is located requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction. If Franchisor permits Franchisee to continue to operate the Franchised Business on a month-to-month basis after termination, expiration, or non-renewal of this Agreement, then Franchisee must pay to Franchisor monthly an additional fee equal to One Thousand Dollars (\$1,000) for every month of month-to-month operation after the Expiration Date, up to Franchisor's then-current initial franchise fee, which fee shall be in addition to Royalties, National Advertising Fund contributions, and any other payments due to Franchisor under this Agreement.

1.04 Location and Territory. Subject to the provisions of this Paragraph 1.04, provided Franchisee is not in default, Franchisor agrees to grant Franchisee a Territory as defined in the attached Franchise Rider, subject to the following provisions. Franchisor reserves all rights not otherwise granted to Franchisee in this Agreement or the Franchise Rider.

1.04.01 Franchisee shall at all times operate the Franchised Business from the Location. Franchisor is not obligated to assist Franchisee in locating a site for the Location. Within sixty (60) days after the Effective Date of this Agreement, Franchisee shall acquire or lease, at Franchisee's expense, commercial real estate that is properly zoned for the operation of the Franchised Business. Failure by Franchisee to acquire or lease a site for the Franchised Business within the time required herein shall constitute a default under this Agreement, and Franchisor, in its sole discretion, may terminate the Franchise Agreement. If Franchisee intends to lease the premises where the office and storage area of the Franchised Business will be operated (the "Premises"), Franchisee shall submit up to three (3) site locations for Franchisor's approval, which approval shall not be unreasonably withheld. Franchisee shall submit to Franchisor executed copies of all such leases immediately after execution and at such other times as Franchisor may request. The term of the leases plus all options for Franchisee to renew shall together equal or exceed the Term. At Franchisee's request, Franchisor shall offer assistance to Franchisee in selecting a site for the location and advising Franchisee in negotiating an acceptable lease agreement for the site. Franchisor shall not represent Franchisee in a legal capacity and advises Franchisee to seek independent legal counsel in the review and negotiation of its lease agreement. If Franchisee intends to own the Premises, Franchisee shall obtain approval of the Premises from Franchisor and furnish Franchisor proof of ownership prior to the date Franchisee commences any construction, build-out or remodeling of the Premises. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S APPROVAL OF A SITE FOR FRANCHISEE'S LOCATION IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT THE BUSINESS WILL BE PROFITABLE.

1.04.02 Franchisee is solely responsible for the construction of the Premises and the Franchised Business. Franchisee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. Franchisee shall maintain continuous construction of the Franchised Business and Premises until completion. Franchisee will complete construction in accordance with the plans and specifications for the Franchised Business which have been approved in advance by Franchisor and will not deviate, except as permitted below, from such plans and specifications without the prior written consent of Franchisor. Franchisee agrees that it will construct or remodel the Premises at the approved Location in accordance with Franchisor's construction or remodel plans and design, layout and other physical characteristics, rentals, lease terms including duration, and general conditions for use as a Shine Franchised Business ("Standard Plans") or in accordance with plans approved by Franchisor. Additionally, Franchisor may provide Franchisee with Franchisor's specifications for the construction and design of the Premises ("Spec. Sheet"). The Standard Plans, if provided,

will be provided by Franchisor at no cost to Franchisee. Franchisee shall purchase or lease all equipment, displays, fixtures, and furnishings that Franchisor designates. Such Standard Plans shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the Americans With Disabilities Act (“ADA”) or similar rules governing public accommodations for persons with disabilities, nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation as may be necessary to obtain permits or authorization to build a specific Premises (“Applicable Law”). It is Franchisee’s sole responsibility to make sure that the design and construction of the Franchised Business and the Premises are in compliance with all Applicable Laws including without limitation, the Americans with Disabilities Act. Franchisee shall indemnify and hold Franchisor harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Franchised Business fail in any way to comply with any Applicable Laws, including, without the limitation, the Americans with Disabilities Act. If provided, Franchisee shall make no changes to any building plan, design, layout or decor, Spec Sheet, or any equipment or signage except as necessary to comply with Applicable Law without the prior written consent of Franchisor. Franchisee shall maintain the interior and exterior decor in such manner as may be prescribed from time to time by Franchisor. Franchisee acknowledges the specifications on the Spec. Sheet may exceed the requirements of Applicable Law. In the event of Franchisee’s delay, refusal, or failure to make repairs or modifications to the Premises as specified by this Article, Franchisor or its agents may enter the Premises, without further notice and without liability for trespass or other tort and with Franchisee’s complete cooperation, and remove, repair, and/or replace, at Franchisee’s expense, any items which do not conform to Franchisor’s then-current standards and specifications or which are not in conformity with Franchisee’s obligation to maintain the Franchised Business and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that Franchisor may have in law or in equity, Franchisee shall reimburse Franchisor for all out-of-pocket expenses incurred by Franchisor in connection with any refurbishing work performed by Franchisor pursuant to this Article, plus an administrative fee of fifteen percent (15%) of the total aggregate amount of expenses incurred by Franchisor. In the event that Franchisee fails to reimburse Franchisor within seven (7) days of the date Franchisee is billed for all such amounts, Franchisee authorizes Franchisor to collect all amounts due, including interest, at the rate of eighteen percent (18%) per annum or the maximum amount permitted by law, whichever is lower, and an additional ten percent (10%) late fee on the entire amount due, through electronic banking transfers as specified in this Agreement.

1.04.03 Franchisee shall prominently display, at its own expense, both on the interior and exterior of the Premises, advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Franchisor shall designate. Franchisee will be responsible for ordering any required signage, including an exterior sign, for the Premises from an approved vendor at Franchisee’s expense. Franchisor may, on Franchisee’s behalf and at Franchisee’s expense, direct and control placement of the exterior sign on Franchisee’s Location, working with Franchisee’s landlord or tenant association, if necessary. Franchisee shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon the Premises any sign or advertising of any kind to which Franchisor objects. Franchisee shall remove all signs and other items and indicia which serve, directly or indirectly, to identify the Premises as associated with the Franchised Business or Shine brand within ten (10) days of the expiration or termination of this Agreement. In the event Franchisee does not comply with this requirement, Franchisor may enter the Premises, without being guilty of trespass and without incurring any liability to Franchisee, to remove all signs and other items identifying the Premises as a Shine

business and to make such other modifications as are reasonably necessary to protect the Marks and Franchisor, and to distinguish the Premises from Shine businesses.

1.04.04 Franchisor reserves the right to require Franchisee to generally refurbish the Franchised Business and/or the Premises at Franchisee's expense, in order to conform to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for Shine franchises and may include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs; structural modifications, redecorating; or purchasing more efficient or improved equipment. Franchisor may require Franchisee to perform remodeling and to purchase equipment at such times as Franchisor, in its sole discretion, deems necessary and reasonable. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT.

1.04.05 Regardless of whether the Premises are owned or leased, it shall be the responsibility of Franchisee to determine that the Premises can be used, under all applicable laws and ordinances, for the purposes provided herein and that the Premises can be constructed or remodeled in accordance with the terms of this Agreement. Franchisee shall obtain all permits and licenses that may be required to construct, remodel and operate the Franchised Business. Franchisee agrees that the Premises will not be used for any purpose other than the operation of the Franchised Business in compliance with this Agreement.

1.04.06 Franchisee shall not, without first obtaining Franchisor's written consent, which shall not be unreasonably withheld: (i) relocate the Location; or (ii) renew or materially alter, amend or modify any lease, or make or allow any transfer, sublease or assignment of its rights pertaining to the Premises.

1.04.07 Franchisor hereby grants to Franchisee the right to operate the Franchised Business and to use the Marks in the operation of its Franchised Business. Franchisee agrees and acknowledges that the right to use said Marks is restricted exclusively to the Territory set forth herein. During the term of this agreement, Franchisor will not operate or license others to operate a window care or holiday lighting business within the Territory, either company-owned or franchised, under the **Shine, Shine Window Care®** or **Shine Holiday Lighting®** Marks during the term of this Agreement, so long as Franchisee is not in breach of this Agreement. Franchisor has the right to adjust the Territory in its sole discretion if the population and demographics change to enable the Territory, or any portion of it, to support another Shine Franchised Business. If Franchisor adjusts the Territory pursuant to this Paragraph, and Franchisee is compliant with this Franchise Agreement, Franchisor will grant Franchisee a thirty (30)-day right of first refusal to purchase the right to operate another Shine Franchised Business within the area previously within Franchisee's Territory. The thirty (30) day period shall commence when Franchisee receives written notice of Franchisor's intent to adjust Franchisee's Territory and a copy of Franchisor's then-current Franchise Disclosure Document. If Franchisee elects to exercise this right of first refusal, Franchisee must sign Franchisor's then-current Franchise Agreement within thirty (30) days after receiving notice of the adjustment of the Territory. Franchisor does not warrant or represent that no other Shine Franchised Business will solicit or make any sales within the Territory, and Franchisee hereby expressly acknowledges and agrees that such solicitations or sales may occur within the Territory. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales. Franchisee recognizes and acknowledges that

(i) it will compete with other Shine businesses which are now, or which may in the future be, located near or adjacent to Franchisee's Territory, and (ii) that such Shine businesses may be owned by Franchisor, its affiliates, and/or third parties. Franchisee understands and agrees that Franchisor has the right, either directly or through affiliated entities, to operate or franchise or license others to operate businesses other than Shine businesses of the kind being franchised herein, whether operating under the Marks or not, and Franchisee agrees that Franchisor and its affiliates may do so within the Territory. Franchisee understands and agrees that Franchisor has the right, directly or through third parties, to manufacture or sell, or both, within Franchisee's Territory, services and products which are the same as or similar to those sold or provided by the Franchised Business using brand names which are the same as or similar to the Marks, provided that such items are not sold through Shine window care and/or holiday lighting businesses located within Franchisee's Territory. Specifically, and without limitation, Franchisor, or an affiliate of Franchisor, may operate an e-commerce site utilizing the Marks that sells services or products that are the same as or similar to those sold or provided by the Franchised Business. Franchisee agrees that in the event Franchisor inadvertently assigns Franchisee a Territory contained in another Franchisee's protected territory or assigns a portion of Franchisee's Territory to another franchisee, that it would be difficult, if not impossible, to determine what damages may arise from such action by Franchisor. Therefore, the parties expressly agree that the liquidated damages from such an inadvertent assignment of territories to two or more franchisees shall entitle the affected franchisees to a partial refund of the Initial Franchise Fee as damages, which damages shall not exceed a pro-rata refund of the portion of the Initial Franchise Fee allocated on a population basis to the affected area. Franchisee agrees that the liquidated damages described herein are Franchisee's sole and exclusive remedy in the event of an inadvertent assignment by Franchisor.

#### 1.05 System and Marks.

1.05.01 Franchisee agrees to operate the Franchised Business only according to the System and only under the Marks pursuant to the Manual. Franchisee acknowledges that Franchisor owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants. For purposes of this Agreement, the "System" includes the rights and obligations set forth in this Agreement, the Manual furnished to the Franchisee as amended from time to time, Franchisor's name, training, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the Franchised Business.

1.05.02 Franchisor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein, including, but not limited to the following: (a) to use the Marks in connection with selling products and services; (b) to grant licenses to others to use the Marks, in addition to those licenses already granted to existing Franchisees; (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; and (d) to sell and distribute cleaning supplies and other items and services via alternate distribution channels bearing the Marks. Franchisee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Franchisor's rights. Franchisee shall execute any documents deemed necessary by Franchisor or its counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Franchisor in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Franchisor. Franchisee shall not use the Marks in any manner not specifically approved by Franchisor, including, without limitation, as part of any domain name or other address on any portion of the Internet or any new medium, including as part of any meta

tag(s) or similar use. Franchisee shall immediately notify Franchisor, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it. Franchisor may, in its sole discretion, take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever.

Franchisee shall cooperate with Franchisor in any suit, claim or proceeding involving the System or the Marks or their use to protect Franchisor's rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Franchisor relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the sole property of Franchisor and Franchisee shall not be entitled to or make any claim for all or any part of it.

In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other act and thing as in the opinion of Franchisor may be necessary to effect the intent and purpose of the provisions of this Agreement.

During the term of this Agreement or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks, or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Franchised Business within the Territory specified herein, and shall use them only in the manner authorized by Franchisor. Franchisee shall prominently display the Marks in the manner prescribed by Franchisor on all signs, vehicles, uniforms, and other supplies and materials designated by Franchisor. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Franchisee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Franchised Business that has not been authorized by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or applicable state law. Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name, website or URL containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the License granted by this Agreement.

1.05.03 Franchisor has the right to change, revise, or substitute different Marks for use in identifying the System, the Franchised Business, and the products sold or offered for sale through the Franchised Business, if Franchisor, in its sole discretion, determines that change, revision, or substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Franchisor in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any such Mark within thirty (30) days after receipt of notice from Franchisor or, if such modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such

modification or discontinuance. Franchisee shall also use such additional or substitute Marks as Franchisor shall direct.

1.05.04 Franchisor may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement. Franchisor shall own any improvements or changes in the System whether developed by Franchisor, by Franchisee or by other Franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation to Franchisee or other Franchisees. If Franchisor modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement.

1.05.05 Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights relating to the System or the Shine concept, including, but not limited to, the Manuals, plans and specifications and marketing materials, (collectively, the "Copyrights") belong solely and exclusively to Franchisor. Franchisee has no interest in the Copyrights beyond the nonexclusive License granted in this Agreement.

1.05.06 All inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Franchisee may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Term that relate in any way, either directly or indirectly, to the Franchised Business and/or the System (collectively referred to as "Inventions and Ideas") developed by the Franchisee and/or any personal guarantors, either in whole or in part during the Term, shall be the exclusive property of Franchisor. Franchisee must promptly disclose the existence of any and all Inventions and Ideas to Franchisor. Franchisee and all guarantors of this Agreement hereby assign to Franchisor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Franchisor the entire right, title and interest in such Inventions and Ideas. All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefor. Franchisor may incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee hereby assigns ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor reasonably requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall, at Franchisor's expense, take all actions reasonably necessary to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not. Franchisor shall have the right to use and incorporate into the System for the benefit of other franchisees and Franchisor any modifications, ideas or improvements, in whole or in part, developed or discovered by Franchisee or Franchisee's employees or agents, without any liability or obligation to Franchisee or the developer thereof.

1.05.07 Franchisee shall maintain a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers and past customers who

have provided such information to the Franchised Business (the "Customer List"). Franchisee shall provide the Customer List to Franchisor upon request. The Customer List shall be the property of Franchisor. Franchisee shall not disclose such information to any person or entity other than Franchisor, or sell such list(s) or any portions thereof to any person or entity without the express written consent of Franchisor. Likewise, other data collected by Franchisee or Franchisee's information technology system (Customer Data and the other data collectively referred to herein as "Franchisee Data") is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchisee Data to Franchisor at any time that Franchisor requests it. Franchisor hereby grants Franchisee a limited license to use Franchisee Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the policies that Franchisor establishes periodically and applicable law. Franchisee shall not be due any compensation based upon Franchisor use of the Franchisee Data. Franchisee may not sell, transfer, or use Franchisee Data for any purpose other than marketing Shine products and services.

#### 1.06 Manual.

Franchisor agrees to loan to Franchisee during the term of this Agreement one or more operations manuals (the "Manual"), together with such updates and modifications as Franchisor may from time to time provide to Franchisee. Franchisor may make any changes or modifications in the Manual as in Franchisor's sole judgment are desirable. Franchisee agrees that if there should, at any time, be a discrepancy between the terms of Franchisee's copy of the Manual and the master copy maintained in Franchisor's headquarters, the terms of the master copy shall prevail. Franchisee agrees, at all times, to conform to the Manual in all respects including to obtain any equipment, fixtures, personnel or technology necessary to do so. The Manual is and shall at all times remain the property of Franchisor and shall be returned to Franchisor upon expiration, termination or non-renewal of this Agreement for any reason. Franchisee agrees not to make the Manual available to or permit another to make any copies of the Manual or any portion thereof without Franchisor's prior written consent.

#### 1.07 Variations in Standards.

Because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the System, to vary standards within the Franchised Business or any other franchised business in the Shine chain (the "Chain") based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, or any other condition which Franchisor deems to be of importance to the operation of such franchised business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard specifications and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee.

### **Article 2 - Franchise Fees and Advertising**

#### 2.01 Initial Franchise Fee.

Franchisee agrees to pay Franchisor an initial franchise fee as set forth in the Franchise Rider attached hereto for the initial grant of the franchise and Franchisor's associated pre-opening obligations, which shall be paid as set forth on Addendum 1 attached hereto. The Initial Franchise

Fee shall primarily compensate Franchisor for Franchisor's pre-opening obligations under this Agreement, which include, but are not limited to, assistance in site selection, establishment of vendor relationships, providing Franchisee with a copy of Franchisor's Manual, and other consulting and support associated with pre-opening expenses ("Pre-Opening Services"). The parties recognize the value of the Initial Franchise Fee approximates the market value of the Pre-Opening Services. The Initial Franchise Fee shall be deemed earned upon receipt and is not refundable under any circumstances.

## 2.02 Royalties.

In further consideration of the grant of the franchise and in consideration of Franchisor's ongoing services to Franchisee, Franchisee agrees to pay to Franchisor a continuing royalty fee of Seven Percent (7%) of Franchisee's Gross Revenues (the "Royalty"), provided at no time during the Term shall the Royalty amount to less than the Minimum Royalty described herein. The Minimum Royalty shall be \$10,500 for the first full calendar year of the Term and \$21,000 for the second and any subsequent full calendar year of the Term. The Royalty is due and payable in one (1) installment on or before the thirtieth (30<sup>th</sup>) day of each month during the Term or such other date as may be determined by Franchisor with sixty (60) days' advanced written notice to Franchisee ("Due Date").

## 2.03 Technology Fee.

On each Due Date, Franchisee will be required to pay Franchisor's then-current monthly Technology Fee ("Technology Fee") for website, social media and brand Internet presence, and CRM. Franchisor may, in Franchisor's sole discretion, upon at least sixty (60) days' prior written notice to Franchisee, increase Franchisee's Technology Fee, provided Franchisee's Technology Fee shall be no greater than the Technology Fee imposed on new franchisees at the time of the increase.

## 2.04 Digital Marketing Fee.

On each Due Date, as consideration for the website maintenance, email marketing, and social media marketing services Franchisor or its approved vendor shall provide Franchisee, Franchisee will be required to pay Franchisor's then-current monthly Digital Marketing Fee ("Digital Marketing Fee"). Franchisor may, in Franchisor's sole discretion, upon at least sixty (60) days' prior written notice to Franchisee, increase Franchisee's Digital Marketing Fee, provided Franchisee's Digital Marketing Fee shall be no greater than the Digital Marketing Fee imposed on new franchisees at the time of the increase. Franchisee's Digital Marketing Fee shall count toward Franchisee's Local Marketing Requirement.

## 2.05 National Advertising Fund.

2.05.01 Franchisor has the right, but not the obligation, to shall establish and maintain a National Advertising Fund, as described herein (the "National Advertising Fund"). Franchisee shall contribute One Percent (1%) of its monthly Gross Revenues to the National Advertising Fund on each Due Date. Franchisor may, in Franchisor's sole discretion, upon at least sixty (60) days' prior written notice to Franchisee, increase Franchisee's National Advertising Fund contribution to a maximum of two percent (2%) of Gross Revenues per month.

2.05.02 Franchisee agrees and acknowledges that contributions to the National Advertising Fund are intended to increase recognition of the Marks and to further the public image

and acceptance of the System and that Franchisor does not undertake any obligation to ensure that expenditures from the National Advertising Fund in or affecting any geographic area are proportionate or equivalent to contributions to the National Advertising Fund by Shine businesses operating in such geographic area or that Franchisee or the Franchised Business will benefit directly or in proportion to its contribution to the National Advertising Fund. Neither Franchisor nor any of its respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the National Advertising Fund, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct.

2.05.03 The National Advertising Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet all costs of maintaining, administering, or directing, and preparing promotional and/or advertising activities. Franchisor has the sole discretion to determine how and where the National Advertising Fund contributions are spent to promote, enhance, or further the growth of the System, including, without limitation, for promotional marketing, public relationships, and advertising expenses, hiring marketing, public relations and advertising agencies and in-house personnel to assist in developing the Shine brand name and average unit volumes, expenses associated with listings in telephone books and on the Internet, travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials, production of circulars, media, advertisements, coupons, online content, and promotional materials (including point of purchase materials) and for any other use Franchisor determines. A brief statement regarding the availability of information regarding the purchase of Shine franchises may be included in advertising and other items produced using the National Advertising Fund, provided that Franchisor will not use National Advertising Fund funds principally to sell franchises.

2.05.04 Sums paid by Franchisee into the National Advertising Fund shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, that Franchisor may incur in activities reasonably related to the administration or direction of the National Advertising Fund and promotion and advertising programs for franchisees and the System, including, among other things, the cost of personnel for creating and implementing advertising, promotional, and marketing programs. The National Advertising Fund and its earnings shall not otherwise inure to the benefit of Franchisor.

2.05.05 It is anticipated that all contributions to and earnings from the National Advertising Fund shall be expended for promotional and/or advertising purposes during the taxable year in which the contributions and earnings are received. If, however, excess amounts remain in the National Advertising Fund at the end of such taxable year, all expenditures for the following taxable year(s) shall be made first out of accumulated earnings from the previous year, next out of earnings in the current year, and finally from contributions.

2.05.06 The National Advertising Fund is not and shall not be an asset of Franchisor or its designee. Franchisor will not be required to separately account to Franchisee for the activities conducted using overhead or administration portion or allocation of the National Advertising Fund. At Franchisor's option, Franchisor can create a separate entity to be the recipient of Franchisee's National Advertising Fund contributions and Franchisee agrees, upon Franchisor's request, to tender National Advertising Fund payments to said entity.

2.05.07 The National Advertising Fund is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the National Advertising Fund monies or any aspect of the operation of the National Advertising Fund.

2.05.08 Franchisor, in Franchisor's sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the National Advertising Fund in that year, and the National Advertising Fund may borrow from Franchisor or other lenders to cover deficits of the National Advertising Fund or cause the National Advertising Fund to invest any surplus.

2.05.09 Franchisor will, from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR WILL HAVE NO LIABILITY TO FRANCHISEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE NATIONAL ADVERTISING FUND OR ANY NATIONAL ADVERTISING FUND PROGRAMS OR FRANCHISOR'S MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE NATIONAL ADVERTISING FUND OR ANY ADVERTISING PROGRAMS, OR FRANCHISEE'S PARTICIPATION THEREIN.

## 2.06 Method of Payment.

On each Due Date, Franchisee must pay Franchisor the fees set forth above, as well as any other amounts due to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. Franchisor may transfer these amounts due from the Franchisee's bank operating account ("Account"). Franchisee's sales report, in the form designated by Franchisor, shall be submitted to Franchisor on or before the thirtieth (30<sup>th</sup>) day of each month during the Term or such other date determined by Franchisor with sixty (60) days' advanced written notice to Franchisee. If a transfer from Franchisee's Account is refused, an administrative fee of Fifty Dollars (\$50) will be assessed, as well as reimbursement to Franchisor of any fee its bank charges for uncollected deposit funds. If Franchisee has not reported Gross Sales to Franchisor for any fiscal period, Franchisor will transfer from the Account an amount calculated in accordance with its estimate of the Gross Sales during the fiscal period. If, at any time, Franchisor determines that Franchisee has underreported its Gross Sales, or underpaid the royalty fee or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due. Alternatively, Franchisor shall have the right in lieu of the royalty report submission procedure outlined above to obtain Gross Sales data derived directly from electronic communication with any point of sale or customer relationship management system established by Franchisee.

Franchisor may, but is not obligated to, require Franchisee to remit payment of the Royalty and any other fees by electronic funds transfer ("EFT"). In connection with payment of the royalty fee

by EFT, Franchisee shall: (1) comply with procedures specified by Franchisor in the Manuals; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Paragraph; (3) give 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 other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement. Franchisee must advise Franchisor at least fifteen (15) business days prior to any change in Franchisee's bank account or financial institution; no such change will be permitted without the prior written authorization of Franchisor. To ensure the orderly electronic transfer of the royalties and all other fees as outlined in this Paragraph, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor, and a copy of that agreement will be submitted to Franchisor prior to the effective date of this Agreement. Franchisee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Franchisor's non-performance.

Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth. Franchisor shall not be entitled to set off, deduct or otherwise withhold any royalty fees, advertising contributions, interest charges or any other monies payable by Franchisee under this Agreement on grounds of any alleged non-performance by Franchisor of any of its obligations or for any other reason. If Franchisee is delinquent in the payment of any obligation to Franchisor, its subsidiaries, affiliates or designees, then Franchisor (or such subsidiaries, affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application.

At Franchisor's discretion, Franchisor may also deduct Franchisee's Royalty or other fees directly from customer payments to the extent such payments are made through Franchisor's website before remitting any such payment to Franchisee.

If Franchisee fails to pay the full amount of the Royalty or other fees when due or Franchisee has insufficient funds to cover the electronic transfer when initiated by Franchisor, Franchisee shall pay interest on the amount due and unpaid at an interest rate equal to the lower of ten percent (10%) or the maximum interest rate allowed by law.

## 2.07 Management Assistance.

In the event Franchisee requests Franchisor to provide extraordinary management or support services at Franchisee's location or in Franchisee's Territory, Franchisee shall incur a fee for such extraordinary services. All such extraordinary services shall be arranged as provided in the Manual.

## 2.08 Gross Revenues.

The term "Gross Revenues" shall mean the full the price of all goods and services sold by Franchisee from or relating to the Franchised Business, whether or not Franchisee has received cash or other consideration. Gross Revenues does not include sales taxes or gift card redemptions. Gross Revenues includes payments received from gift cards and certificates at the time of sale of the gift cards or certificates. Gross Revenues are calculated at the time Franchisee

sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore.

2.09 Local Cooperative Marketing. Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate from time to time a geographical area in which the Franchised Business is located for the purpose of establishing an advertising cooperative (the "Cooperative"). If a Cooperative has been established applicable to the Franchised Business at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the Term, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Franchised Business be required to contribute to more than one Cooperative. The following provisions shall apply to each Cooperative:

(i) Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing.

(ii) Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members.

(iii) Franchisor and its affiliates shall make contributions to each Cooperative of which they are a member on the same basis as required of comparable franchisees within the System.

(iv) No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All such programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in Article 2.

(v) Subject to the provisions of Article 2, each cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative.

(vi) Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative. Franchisee shall also submit such statements and reports as may be designed from time to time by the Cooperative. The Cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from time to time.

(vii) Notwithstanding the foregoing, Franchisor, in its sole discretion, may, upon written request of a franchisee stating reasons supporting such request, grant to any franchisee an exemption from the requirement of membership in a Cooperative. Such an exemption may be for any length of time and may apply to one or more franchised businesses owned by such franchisee. If an exemption is granted to a franchisee, such franchisee may be required to expend on local advertising the full amount that would otherwise be payable to the Cooperative. Franchisor, in its sole discretion, may also exempt one or more franchised businesses owned or controlled by Franchisor or its

affiliate from the requirement of membership in a Cooperative for such periods as Franchisor deems appropriate.

(viii) The Cooperative is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of any Cooperative.

## 2.10 Local Marketing.

Franchisee agrees to spend on local, Cooperative, and regional marketing a minimum of Ten Percent (10%) of monthly Gross Revenue (the "Local Marketing Requirement"). Notwithstanding the foregoing, if Franchisee attains Gross Revenue in excess of Five Hundred Thousand Dollars (\$500,000) in any calendar year, then Franchisee shall be obligated to spend in the immediately subsequent year only Eight Percent (8%) of monthly Gross Revenue on local, Cooperative, and regional marketing. Franchisee is required to spend at least Six Thousand Dollars (\$6,000) per year of Franchisee's Local Marketing Requirement on digital advertising in accordance with the standards and in the manner Franchisor sets forth in the Manual. Franchisee shall submit verification of its local marketing expenditures at such times and in such form as may be requested by Franchisor from time to time. In the event that Franchisee fails to meet the Local Marketing Requirement and/or fails to provide Franchisor with verification thereof, Franchisee shall pay to the National Advertising Fund Franchisee's Local Marketing Requirement, less the amount Franchisee actually paid for local advertising.

## 2.11 Advertising Limitations

2.11.01 Prior to their use by the Cooperative or by Franchisee, samples of all advertising and promotional materials not prepared or previously approved by Franchisor within the 90-day period preceding their intended use shall be submitted to Franchisor for approval. If disapproval is not received within twenty (20) days from the date of receipt by Franchisor of such materials, Franchisor shall be deemed to have given the required approval. Neither the Cooperative nor Franchisee shall use any advertising or promotional materials that Franchisor may at any time disapprove, regardless of whether any such items had been previously approved by Franchisor. Neither the Cooperative nor Franchisee shall cease using any advertising or promotional materials that Franchisor may at any time disapprove, regardless of whether any such items had been previously approved by Franchisor. If Franchisee violates this paragraph more than two (2) times in any twelve (12) month period, Franchisor may, in addition to all other remedies available pursuant to this Agreement, require Franchisee to obtain prior written approval of copy and marketing technique for all or certain categories of marketing.

2.11.02 Franchisor will, from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor.

2.11.03 Franchisor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing programs produced and conducted, whether by Franchisee, Franchisor, the Cooperative or the National Advertising Fund. Any participation by Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Franchisor, Franchisee shall assign to Franchisor any contractual rights or copyright it acquires in any advertising.

## 2.12 Computer/CRM System

Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer/ CRM hardware and software, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), and other computer-related accessories or peripheral equipment as Franchisor specifies, for the purpose of, among other functions, recording sales and other record keeping and central functions. Franchisor has the right to require Franchisee to connect to its computer system. Franchisee shall provide such assistance as may be required to connect its computer/CRM system with Franchisor's computer system. Franchisor shall thereafter have the right from time to time and at any time to retrieve and use for any purpose such data and information from Franchisee's computer/ CRM system as Franchisor, in its sole and exclusive discretion, deems necessary or desirable. In view of the contemplated interconnection of computer/CRM systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's computer/ CRM systems. To the extent Franchisee does not use Franchisor's proprietary CRM software, Franchisor shall have access to Franchisee's CRM software and Franchisee is required to provide login information with Franchisor.

## 2.13 Accounting Services/Payroll

In the course and operation of its business, Franchisee shall require the assistance of business and financial services for the preparation of income tax returns, financial statements, budgets, and other financial information and for payroll services. Franchisee shall use the financial service vendors Franchisor may designate from time to time in Franchisor's Manuals and shall pay all fees charged by such designated financial service vendors.

## 2.14 Inflation Adjustments.

Franchisor and its affiliates reserve the right to increase the amount of any fee provided for hereunder, including, without limitation, the Royalty, National Advertising Fund contributions, Technology Fee, and Website Management Fee due Franchisor or an affiliate under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of the amount or percentage adjustment thirty (30) days prior to their effective date.

## 2.15 No Offset or Retention of Funds.

Franchisee may not offset or withhold payments owed to Franchisor for amounts purportedly due to Franchisee as a result of any dispute of any nature or otherwise, but will pay such amounts to Franchisor and only thereafter seek reimbursement.

## **Article 3 - Reports and Audits**

### 3.01 Records and Reports.

Franchisee shall at all times maintain true and accurate business records in the manner specified by Franchisor. Franchisee shall, on a monthly basis or at such other intervals as specified by Franchisor, provide Franchisor with such report(s), in the form(s) specified by Franchisor, as Franchisor may require, and at such times as Franchisor may require, including, but not limited to, profit and loss statements through QuickBooks Online or such other accounting software as Franchisor requires, reports of business expenses and overhead, customer information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection reports, and weekly or monthly sales summary. Franchisor shall have the right to levy a fine in an amount up to Three Hundred Dollars (\$300) any time Franchisee fails to provide Franchisor with the reports Franchisor requires in accordance with this Article by the date(s) Franchisor specifies in its Operations Manual. By submitting any reports to Franchisor, Franchisee is certifying that they are true and correct. Within ninety (90) days following the end of each calendar year, Franchisee shall provide Franchisor with a copy of Franchisee's balance sheet and an income and expense statement for the year. At the time they are filed, Franchisee shall provide Franchisor with copies of Franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter. Franchisor is authorized to rely upon such reports and financial documents and to disclose such documents to governmental authorities as and if properly requested. Franchisor may use data from the reports and financial documents in composite or statistical form for any purpose in Franchisor's sole discretion. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice, at Franchisor's sole election. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law. Franchisee agrees at all times to use the chart of accounts and accounting procedures established from time to time by Franchisor.

### 3.02 Failure to Report.

If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalties and National Advertising Fund Fees for each relevant month and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average monthly Royalties and National Advertising Fund Fees over the prior twelve (12) months or (b) the average monthly Royalties and National Advertising Fund Fees of all similar Franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

### 3.03 Audits and Inspections.

Franchisor shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues, Franchisee shall immediately pay to Franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Revenues by three (3%) percent or more for any month, then Franchisee shall also pay, immediately, the cost of the audit or inspection. In all other cases, Franchisor shall bear the entire cost of the audit or inspection, including incidental costs. Should Franchisee at any time cause an audit to be made of Franchisee's Franchised Business, Franchisee shall cause a copy of the report of said audit to be delivered to Franchisor without any cost or expense to Franchisor.

### 3.04 Contact with Others.

Franchisor shall have the right, in Franchisor's sole discretion and without further notice to Franchisee or to any other person or entity, to contact any of Franchisee's customers, landlord, accountant, vendors, or other persons within Franchisee's Territory or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

## **Article 4 - Training**

### 4.01 Initial Training.

4.01.01 Franchisee agrees to pay Franchisor's current fee for its start-up package ("Start-Up Package") in consideration for Franchisor's offering Franchisee certain equipment, marketing materials, and initial training. As partial consideration for the Start-Up Package fee, Franchisor shall provide Franchisee and up to one manager with a single pre-opening management and operations training program for the Franchisee (or, if Franchisee is an entity, Franchisee's owner, as applicable), and one (1) manager of Franchisee. Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the initial training, Franchisor will be available for such reasonable consultation, as Franchisor deems appropriate. Franchisor reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee and Franchisee's designated Manager, if applicable, do not satisfactorily complete the initial training program, Franchisor may terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement.

4.01.02 Franchisee agrees that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisee also acknowledges that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes Franchisor has failed to adequately provide any pre-opening services to Franchisee or to Franchisee's employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of Franchisee's Franchised Business, Franchisee must notify Franchisor in writing within thirty (30)

days following the opening of Franchisee's outlet or Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment, and compliant with all representations made to Franchisee. If Franchisee fails to so notify Franchisor, Franchisee will be deemed to have waived all claims relating to or arising from Franchisor's obligations to provide pre-opening assistance.

#### 4.02 Manager Training.

At all times, Franchisee or Franchisee's manager in charge of operating the Franchised Business ("Manager") shall be an individual who has successfully completed Franchisor's Manager training program and who otherwise meets Franchisor's Manager criteria. Any new Manager shall successfully complete Franchisor's Manager training program within 60 days after assuming the role of Manager. There shall be an estimated charge of \$1,000 for 2 days' training plus travel expenses for the Manager training. In all cases, Franchisee shall be solely responsible for any salaries, compensation, benefits and living and travel expenses of trainees.

#### 4.03 Employee Training.

Should any employee, prospective employee or independent contractor of Franchisee perform work which in Franchisor's judgment requires additional training, skills or knowledge, such employee shall take part in such training and instruction as shall be directed by Franchisor. Franchisee shall be solely responsible for all wages, travel and living expenses, and all other costs incurred by Franchisee and Franchisee's employees in connection with any training or instruction provided by Franchisor, which amount shall be set forth by Franchisor, plus expenses, including reimbursement for mileage at the then-current IRS reimbursement rate. Franchisee shall also, at its own expense, conduct at the Franchised Business such training and instruction, using such materials, equipment and supplies, as Franchisor may require from time to time. It will be solely Franchisee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner at the Franchised Business and Franchisee shall implement and maintain an employee training program, at Franchisee's expense, pursuant to all specifications, standards and procedures prescribed by Franchisor. Franchisee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all continuing educational training requirements as may be specified by applicable laws and regulations. In the event that Franchisee is unable to, or fails to, provide the employee training required by this Article, Franchisor may, at Franchisee's expense, provide the training to Franchisee's employees. Training by Franchisor will be at reasonable times and subject to availability of Franchisor's representatives. In the event that Franchisor provides training to Franchisee's employees upon Franchisee's request, Franchisee hereby releases, indemnifies and holds harmless Franchisor and its affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or the continuing education of Franchisee's employees as set forth herein.

#### 4.04 Subsequent Training.

Franchisor may require Franchisee and Franchisee's Manager to complete additional training at a location determined in Franchisor's sole discretion. There shall be an estimated charge of \$1,000 for 2 day training plus travel expenses for the subsequent training. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

#### 4.05 Training Materials.

Franchisor may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee's manager(s) and employees. Franchisor may charge a reasonable fee for such materials and equipment. Franchisee agrees that all such materials are Trade Secrets pursuant to this Agreement. Franchisee agrees to require all of its managers and employees, as applicable, to successfully complete any such training program(s) if Franchisor designates them as mandatory.

#### 4.06 No Warranty of Success.

Franchisor's determination that Franchisee or Franchisee's employee(s) have successfully completed any training shall not be a warranty or representation that the person can or will successfully operate the Franchised Business or any aspect thereof.

### **Article 5 - Trade Secrets and Confidentiality**

Franchisee will have access during the course of this Agreement to trade secrets that are the property of Franchisor. Trade Secrets include, but are not limited to, the System, the Manual, methods, customer lists and related information, vendor and pricing lists and policies, the Training, and other programs, techniques and policies as they may be developed by Franchisor from time to time. Franchisee acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Franchisee agrees to not disclose or in any way make available to any unauthorized person(s) any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Franchisee by Franchisor. Franchisee shall hold all such information in complete confidence. Franchisee will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Franchisee. Franchisee will disclose Trade Secrets only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this Article. Franchisee shall cause every Manager and every employee who has access to Trade Secrets to sign a Confidentiality and Nondisclosure Agreement. Franchisee agrees that Franchisor shall have sole discretion in determining what items or information are Trade Secrets and that any items or information designated as Trade Secrets by Franchisor in the Manual or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes. In addition to all other remedies available to Franchisor, upon proof of violation of this Article by Franchisee, Franchisee agrees that Franchisor shall be entitled to liquidated damages in an amount equal to the greater of: (a) the sum of the average monthly Royalty Fees and the average monthly National Advertising Fund Fees paid or payable by Franchisee during the preceding twelve (12) months, multiplied by the number of months, or portion thereof, during which Franchisee was in violation of this Article or (b) one hundred percent (100%) of the Gross Revenues received or receivable by Franchisee or any transferee of any Trade Secrets during every day, or portion thereof, during which Franchisee was in violation of this Article. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Article, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty.

## **Article 6 - Pre-Opening Obligations**

### **6.01 Premises Specifications.**

Franchisee's Franchised Business shall operate only from Premises meeting Franchisor's specifications. Franchisee understands and agrees that, although all Shine businesses will follow a consistent theme, the details of their design will differ in many cases, based upon location requirements, landlord requests, and unique features of the community. Franchisor will consider Franchisee's requests for features for Franchisee's Franchised Business, but is not obligated to follow those requests.

Franchisee shall be obligated to update the design of the Franchised Business at Franchisee's expense not more than once every three (3) years. Franchisee may change or update the design of the Franchised Business, subject to Franchisor's prior written approval, at any time, at Franchisee's expense. If Franchisor approves any changes in the plans or designs at Franchisee's request (or to comply with governmental codes, rules or ordinances), Franchisor shall own all rights to such plans as modified without further compensation to Franchisee or any other person. Franchisee shall sign and obtain signatures of necessary third parties on any documents requested by Franchisor to transfer any and all copyrights or other proprietary interests of any person in and to such modified plans or designs.

### **6.02 Appearance of Premises.**

Franchisee acknowledges that not every Shine business will be required to have identical decor, color schemes and layout. Franchisee agrees to accept Franchisor's subjective evaluation as to what would keep the Premises in compliance with Franchisor's standards. Franchisee agrees, at Franchisee's sole cost and expense, to maintain the Premises, including, but not limited to equipment, displays, fixtures, and interior and exterior decor in accordance with Franchisor's standards throughout the term of this Agreement.

### **6.03 Required Start-Up Package**

Franchisee shall purchase and use, at Franchisee's sole expense the required equipment packages, marketing package, and administrative package in the Start-Up Package. The required Start-Up Package must be purchased from Franchisor no later than the first day of training.

### **6.04 Required Vehicle**

Franchisee must own a vehicle that meets Franchisor's specifications as provided in the Manuals. Franchisee may be required by Franchisor to refurbish, repaint, re-brand, repair, or otherwise update such vehicle no more than once every three (3) years. Upon renewal of this Agreement, Franchisor may require Franchisee to purchase a new vehicle according to Franchisor's then-current specifications for new franchisees.

## **Article 7 - Operation of Franchised Business**

### **7.01 Independent Contractor.**

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise complete control

over and responsibility for all labor relations and the conduct of its agents and employees. Neither party shall be considered or held out to be agent(s), joint venturers, partners or employee(s) of the other, except as specifically authorized by this Agreement. Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement. Franchisee shall prominently display signs at all times in the manner specified by Franchisor, indicating the name of the Franchisee and stating that the Franchised Business is independently owned and operated. Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the Franchised Business is independently owned and operated in such form as Franchisor may specify.

#### 7.02 Personal Participation.

Franchisee shall devote full time and effort to actively managing the Franchised Business if Franchisee owns one location. Franchisee shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Franchised Business. If Franchisee owns more than one location, and If Franchisee employs a Manager to run the day to day operations, the Manager shall be required to attend and successfully complete Franchisor's training program prior to taking over full day-to-day responsibilities, at no additional charge. However, Franchisee shall be solely responsible for all travel and living costs of trainees.

#### 7.03 Retail Prices.

Franchisee shall have the right during the Term to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by Franchisor; and (2) complies with any prices specified by Franchisor; and (3) conforms to any bona fide promotional programs or national or regional accounts programs periodically established by Franchisor. Franchisor retains the right to modify its pricing policies from time to time in its sole discretion. Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary pricing standards and policies within the Franchised Business or any other franchised business in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, cost of a franchisee's rent or mortgage payments, or any other condition which Franchisor deems to be of importance to the operation of such franchised business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard pricing policies and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee. Franchisee must provide to Franchisor a price list containing all of the prices charged for the products supplied by the Franchised Business. The price list must be updated and supplied to Franchisor every time Franchisee alters its prices and, in any event, at least annually.

#### 7.04 Compliance with Laws.

Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the Franchised Business. Franchisee is solely responsible for strictly complying with each and every law, ordinance and regulation applicable to the Franchised Business, including, but not limited to, licensing, health, safety, environmental, consumer and labor regulations. Franchisee shall timely pay all applicable taxes as they come due, but may challenge the amount or applicability thereof;

provided, that Franchisee hereby agrees to indemnify, hold harmless and defend Franchisor from any and all liabilities for taxes based upon Franchisee's operations.

Franchisee agrees to comply with and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee's business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations hereunder.

7.04.01 Franchisee agrees to use such credit card processing services approved by Franchisor and to purchase and maintain, at Franchisee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Franchisor does not represent, nor does it certify or warrant, to Franchisee or Franchisee's customers that the credit card processing service approved by Franchisor is compliant, whether or not certified as such, with the PCI Data Security Standards.

7.04.02 Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor's data protection and security policies as may be described in Franchisor's Manuals ("Data Protection and Security Policies"). Such policies may govern how Franchisee Data and Personal Information (as defined below) contained in such data shall be stored, protected, disposed of, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Franchised Business. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

7.04.03 Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (the "PCI-DSS"), (ii) those Security and Data Protection Policies mandated by the Manuals, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, "Privacy Laws").

7.04.04 Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any

other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 (“TCPA”). Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

7.04.05 Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisees’ storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information, whether such information is stored in paper or electronic form, (i) that can be used to identify, locate or contact an individual, including but not limited to Franchisee’s employees and customers (collectively, “Personal Information”); (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee’s or Franchisor’s computers, networks, servers, IT resources, or paper files (a “Security Breach”), Franchisee shall immediately notify the Franchisor’s Vice President of Operations via telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such notice in writing. Franchisee shall reimburse Franchisor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Franchisor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. “Notification and Remediation Related Costs” shall include Franchisor’s internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Franchisor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Franchisor’s investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances.

7.04.06 Franchisee agrees to hold harmless, defend and indemnify Franchisor and its officers, directors, agents, and employees from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee’s or Franchisor’s officers, directors, agents or employees’ violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

7.04.07 Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Franchised Business premises and examine Franchisee’s computer

hardware, software, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement or the Franchise Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

7.04.08 Franchisee agrees to comply with and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee's business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Article 8 of this Agreement pertain to Franchisee's obligations hereunder.

#### 7.05 Franchisee Business Operation.

Franchisee understands and acknowledges that every detail of the System and of the operation of the Franchised Business is important to Franchisee, Franchisor and other Shine franchisees in order to maintain and further develop high and uniform operating standards, to increase the demand for products sold by Franchisor and all franchisees, to enhance the image of Franchisor and the Marks, and to protect Franchisor's reputation and goodwill. Therefore, Franchisee agrees that:

7.05.01 Franchisee shall operate the Franchised Business in conformity with such uniform methods, standards and specifications as Franchisor may prescribe, in the Manual or otherwise, to insure that the highest degree of quality and service is uniformly maintained. Franchisee shall acquire and maintain, at all times, all equipment required by Franchisor for operation of the Franchised Business. Franchisee shall offer all of the goods and services designated by Franchisor and no others without the written consent of Franchisor, which consent Franchisor may withhold for any reason.

7.05.02 Franchisee shall, at all times, work to protect and enhance Franchisor's image and, specifically, shall maintain employees or workers in the Franchised Business whose appearance, attire, attitude, reputation and demeanor are consistent with Franchisor's image. Franchisee acknowledges and agrees that Franchisor shall have sole discretion in determining what constitutes Franchisor's image, and further acknowledges that said image is constantly evolving as markets change and evolve.

7.05.03 Franchisee shall not, at any time, engage in any business dealings in relation with the Franchised Business or the System which are unethical, dishonest or otherwise could

cause harm to the Marks, Franchisor, the System, the goodwill associated with the Marks, or to any customer or vendor of Franchisee.

7.05.04 Franchisee shall, at Franchisee's sole cost and expense, maintain the Premises, inside and out, in the highest degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including without limitation, such periodic cleaning, repainting, repairs to impaired equipment and replacement of obsolete signs and equipment as Franchisor may reasonably direct.

7.05.05 At Franchisor's request, which shall not be more often than once every three (3) years, Franchisee shall replace or update the Premises at Franchisee's sole expense, to conform to the design, trade dress, color schemes and presentation of the Marks consistent with Franchisor's then-current image, including, without limitation, such internal changes and redecoration and such modifications to existing equipment as may be necessary in Franchisor's sole judgment.

#### 7.06 Restrictions on Sources of Products and Services.

7.06.01 Franchisee agrees that it will use only those products, supplies, and other materials in the operation of the Franchised Business as Franchisor shall have specifically designated or approved. Franchisee may be required to purchase from Franchisor certain products that involve trade secrets or that have been specially prepared by Franchisor or at Franchisor's direction or that Franchisor considers integral to the System. Franchisor may designate one or more designated suppliers, which may be Franchisor or an affiliate, for any services, products, equipment, or supplies used in the operation of the Franchised Business, in which event Franchisee must purchase every item exclusively from the designated supplier. Franchisor or its affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with Franchisor, Franchisee, or other franchised businesses in the System. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deems appropriate. Franchisor and its affiliates may negotiate supply contracts with its suppliers under which Franchisor is able to purchase products, equipment, supplies, and services at a price lower than that at which Franchisor's franchisees are able to purchase the same items. Products or services other than those required to be obtained from Franchisor or a designated supplier or vendor may be purchased from any source provided that the particular supplier and products have not been designated as unauthorized products or services by Franchisor. Franchisor may, from time to time, amend the list and this Article of unauthorized products, services and suppliers.

7.06.02 Franchisee shall purchase only from Franchisor or a supplier approved by Franchisor all Items used to start or operate the Franchised Business that contain or bear the Marks or that are proprietary to Franchisor. In addition, Franchisee shall purchase from a supplier approved by Franchisor, all signs used to identify the Franchised Business.

7.06.03 Franchisor will approve other suppliers of non-proprietary items if Franchisee or the supplier requests the approval in writing and if the supplier demonstrates to the satisfaction of Franchisor that it is financially capable and can provide Item(s) or service(s) that meet Franchisor's standards and that it is willing and able to protect Franchisor's proprietary information. Franchisor may charge a reasonable fee to cover its costs in evaluating a proposed supplier. Franchisor will normally make its decision within thirty (30) days after it receives all of

the requested information and any requested samples. Franchisor reserves the right to withdraw approval of any supplier whose performance falls below Franchisor's standards.

7.06.04 Franchisor and Franchisor's approved accounting firm shall be allowed access to the portion of Franchisee's QuickBooks related to Franchisee's Shine Franchised Business. Franchisee shall provide Franchisee with access at all times to the CRM used for Franchisee's Shine Franchised Business and shall provide Franchisee with its login information for the same CRM.

7.06.05 Franchisee may obtain any Item used in the Franchised Business that Franchisee is not required to purchase in accordance with specifications or from an approved supplier from any source, so long as the Item is consistent with Franchisor's image. Should Franchisor later publish specifications or require use of an approved supplier, Franchisee shall comply with that requirement.

7.06.06 Franchisee shall, at all times, maintain a sufficient inventory of Items so that the Franchised Business can operate at maximum capacity.

7.06.07 Certain services may be available to Franchisee only through Franchisor or an affiliate, including mandatory training. Franchisee will be required to pay the price Franchisor or its affiliates sets for any of these services, unless otherwise provided in this Agreement.

#### 7.07 Minimum Hours.

Franchisee covenants that during the Term, it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Franchised Business and other franchised businesses established and operated by Franchisee under the System. Franchisee shall comply with any minimum hours of operation as Franchisor may establish and modify from time to time in its Manuals.

#### 7.08 Communications Equipment and Systems.

Franchisee shall purchase and use in the Franchised Business communications equipment or systems and service as required by Franchisor and shall update or replace such equipment, systems and service as required, but Franchisor will not require replacement more than once per year. Except as otherwise required or permitted by this Agreement or by applicable law, Franchisee shall use only the communications systems designated by Franchisor in communicating with Franchisor and other Franchisees relating to the Franchised Business. Franchisor shall have a proprietary interest in all communications made through any communications systems maintained or provided by Franchisor. Franchisee acknowledges that the provisions of this Paragraph 7.08 are reasonable and necessary and beneficial to the Shine franchise system. Franchisee shall monitor and respond to all communications in a timely manner as specified in the Manual.

#### 7.09 Equipment Maintenance.

Franchisee shall be solely responsible, at Franchisee's cost and expense, for maintaining, repairing, and replacing, when appropriate, all equipment required, recommended or permitted pursuant to this Agreement.

#### 7.10 Warranties.

Franchisee shall not represent to any customer or the public that Franchisor provides any warranty as to the quality of any product or service, unless Franchisor has specifically authorized such warranty in writing. If Franchisee offers any warranties, they shall be in writing and shall clearly state, both in the warranty and in any promotional or advertising materials that the warranty is available and will be honored only by Franchisee. Franchisee hereby indemnifies, holds harmless and agrees to defend Franchisor, its related companies and all other Shine franchisees from any and all claims of whatever nature arising from any such additional warranties made by Franchisee. Franchisee shall participate in and comply with any warranty program that Franchisor may adopt from time to time.

#### 7.11 Marketing.

Franchisee shall, at all times, comply with the Manual in all advertising. Franchisee will not, directly or indirectly, establish or operate a website, web page, domain name, internet address, blog, forum or email address that in any way concerns, discusses or alludes to Franchisor, the System or Franchisee's Franchised Business without Franchisor's prior written consent, which Franchisor is not obligated to provide. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any domain names, internet addresses, blogs, forums or social media sites, unless specifically approved by Franchisor, which approval Franchisor is not obligated to provide. Franchisee will not post, and will take such steps as necessary to ensure that its employees do not post, any information to a social media relating to Franchisor, the System, the Marks, or the Franchised Business that (a) does not comply with Franchisor's then-current social networking guidelines described in the Manuals, (b) is derogatory, disparaging, or critical of Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Franchisee shall not establish or permit or aid anyone in establishing any links to any website or any other electronic or computer generated advertising or communication arrangement which Franchisor may create. Franchisee specifically acknowledges and agrees that, except for social media site postings (which will be subject to this Article), any website will be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under this Agreement. Franchisee shall not establish a separate website, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisor shall have the right to modify the provisions of this Article relating to websites as Franchisor shall solely determine is necessary or appropriate.

Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium, except as permitted by Franchisor's then-current policies. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written approval of Franchisee's plan for transmitting such advertisements.

Franchisor may from time to time maintain one or more social media sites (e.g., www.twitter.com; www.facebook.com, or such other social media sites). Franchisee shall not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without Franchisor's advance written consent. Franchisor may designate from time to time local or Territory-specific user names/handles to be maintained by Franchisee. Franchisee must adhere

to the social media policies established from time to time by Franchisor and Franchisee will require all of Franchisee's employees to do so as well.

#### 7.12 Leads and Territory.

Except as specifically permitted by the Manual, Franchisee shall not engage in marketing or providing services outside of Franchisee's Territory. If Franchisee engages in marketing or providing services outside of Franchisee's Territory, Franchisee does not acquire any right or preference to the territory. Franchisor reserves the right to develop, or license others to develop, any territory outside of Franchisee's Territory at any time, without providing Franchisee with prior notice of Franchisor's intent to do so. Franchisor may rescind any policy that allows Franchisee to operate outside its Territory at any time, upon ten (10) days' notice to Franchisee. Within ten (10) days after receipt of such notice, Franchisee shall discontinue marketing and selling and using the Marks in any area outside of Franchisee's Territory and shall surrender to Franchisor all customer information Franchisee has obtained for customers residing outside of its Territory (which customer information is and shall always be owned by Franchisor). Franchisee acknowledges nothing herein shall be construed as a promise or guarantee that Franchisor will allow Franchisee to market, sell or operate outside of the Territory. Nothing herein creates an option or right of first refusal of Franchisee's right to acquire additional territories.

#### 7.13 New Developments.

Franchisor shall be the sole and exclusive owner of all new developments, including inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the Franchised Business. Franchisee shall immediately disclose any and all such new developments to Franchisor and shall execute any documents necessary, in Franchisor's opinion, to consummate the transfer of all ownership rights therein. The mutual covenants of this Agreement are sufficient consideration for such transfers.

Franchisor shall not, otherwise, be required to compensate Franchisee for such new developments.

#### 7.14 Staffing Requirements.

Franchisee shall, at all times, comply with the minimum staffing requirements specified in the Manual. Each Manager shall, at all times meet or exceed the qualifications set forth in the Manual.

#### 7.15 System Changes.

Franchisee acknowledges that the System, the services, and products offered by the Franchised Business may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) from time to time by Franchisor; and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Franchisor's ability to modify the System. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these System changes.

#### 7.16 Technology Changes.

Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these changes to technology.

#### 7.17 Promotional Requirements.

Franchisor has the right to require Franchisee to participate in national, regional, and local giveaways and promotions. Franchisee may be required to provide free or discounted products or services as a result of such giveaways or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these giveaways and promotions.

### **Article 8 - Indemnity and Insurance**

#### 8.01 Indemnity.

Franchisor shall not be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Business or for any claim, cause of action or judgment arising therefrom against Franchisee or Franchisor. Franchisee agrees to hold harmless, defend and indemnify Franchisor and its officers, directors, agents, and employees from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with, the Franchised Business, other than a claim resulting directly from Franchisor's negligence.

#### 8.02 Insurance.

Franchisee shall purchase and maintain, at Franchisee's expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall consist of comprehensive general liability insurance on an occurrence basis and shall consist of combined single limit coverage of at least \$1,000,000 per occurrence/\$2,000,000 annual aggregate. Franchisee shall purchase and maintain worker's compensation and employer's liability and other insurance required by law with a reputable insurer acceptable to Franchisor or with a state agency. Franchisee shall provide Franchisor with one or more certificates of insurance evidencing such coverage's and naming Franchisor as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverage under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Franchisor. Upon request by Franchisor, Franchisee shall provide Franchisor with a true copy of any insurance policy, including all endorsements. Every insurance policy of Franchisee required by this Agreement shall provide that coverage is primary/noncontributory. Every insurance policy shall be with an insurance company that meets Franchisor's criteria as set forth in the Manual.

## Article 9 - Entity Franchisee

### 9.01 Entity Definition.

An "Entity" is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability.

### 9.02 Founding Document Restriction.

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee's interest under this Agreement or any interest in the Franchised Business to an Entity, the founding document(s) of the Entity must provide as follows:

This [insert type of Entity] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of the [insert type of Entity] or of any owner of the [insert type of entity] under the Shine Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any such agreement or undertaking is void.

### 9.03 Liability of Owner(s)

Every owner of an equity or other interest in any Entity Franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity Franchisees) (such persons referred to as "Owners") shall personally guaranty this Agreement and shall be subject to all terms of this Agreement. Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement.

### 9.04 Restriction on Certificates of Ownership.

Each and every document, if any, issued by any Entity Franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows:

Ownership of this [insert type of Entity] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the Shine Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any other transfer or attempted transfer is void.

### 9.05 Additional Requirements of Entity Franchisee.

Franchisee shall, upon Franchisor's request, provide Franchisor or its designee with true copies of such of Franchisee's Entity records and documents as Franchisor shall designate. An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement. The designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement. Notwithstanding the requirement of a designated principal, Franchisor shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Franchisor understands to be acting or speaking on behalf of the Entity.

## Article 10 - Assignment or Transfer

### 10.1 Transfers by Franchisor.

Franchisor may transfer or assign this Agreement or any of its rights, interest, benefits or obligations arising hereunder without restriction. Upon transfer or assignment of this Agreement by Franchisor, Franchisor shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and remain the same notwithstanding any such assignment.

### 10.2 Transfers by Franchisee.

The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Franchisor has granted the franchise in reliance on the business and financial capacity and other attributes of Franchisee, the personal skill, qualifications and representations of equity owners of Franchisee (the "Owner(s)") and in reliance upon Articles 5 and 14 of this Agreement. Therefore, neither Franchisee's interest, rights or privileges in the Agreement or the Franchised Business, nor the Owner's interest in Franchisee or the Owner(s), in whole or in part, voluntarily or involuntarily, shall be transferred by operation of law or otherwise, in any manner, except as provided in this Article 10. Notwithstanding the foregoing, an Owner may transfer all or a portion of his or her interest in Franchisee to another Owner or to Franchisee (such person or entity being referred to as a "Permitted Transferee") and such a transfer shall not be subject to the restrictions of this Article 10, including but not limited to the transfer fee set forth herein; provided, however, Franchisee shall promptly notify Franchisor of any such transfer. For purposes of this Agreement, the term "transfer" shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Franchisee's assets to secure a loan for the construction, remodeling, equipping or operation of the Franchised Business), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary.

10.2.1 Franchisee or Owner, as applicable, shall give Franchisor forty-five (45) days prior written notice of any intended transfer of any of its rights or interest in the Franchised Business or Franchisee. Such notice shall set forth the name of the proposed transferee and a detailed statement of all the terms and conditions of such intended or proposed transfer. Irrespective of the qualifications or acceptability of any prospective transferee, Franchisor shall have the first right and option to purchase the interest at a price equal to the fair market value of such non-cash consideration plus the amount, if any, of the consideration using fair and reasonable methods. Franchisor shall make such determination as promptly as practicable, but in no event later than thirty (30) days after it has received the notice of the intended transfer. If Franchisee disagrees with the value as determined by Franchisor, then Franchisee and Franchisor shall each hire an appraiser (or a single appraiser, if they so agree) to value the non-cash consideration offered by the intended transferee. If the appraisals are within twenty percent (20%) of each other, then the difference between the two shall be equally divided to establish the price at which Franchisor may exercise its first right and option. If the difference between the appraisals is greater than twenty percent (20%), then the issue of the fair market value of such consideration shall be determined by a third appraiser selected by the other two appraisers and whose decisions shall be final, except that it may not be lower or higher than the lowest appraisal and highest appraisal, respectively, determined by the first two appraisers. Within thirty (30) days after Franchisor receives notice of a proposed transfer for no consideration or solely for cash, or if the proposed transfer will not be solely for cash, within ten (10) days after a determination is

made of the fair market value of the non-cash consideration, Franchisor will notify Franchisee and the Owner, if applicable, in writing that it is (a) exercising its right of first refusal, (b) approving the transfer pursuant to Paragraph 10.2.1 or (c) denying approval of the transfer pursuant to Paragraph 10.2.1. If Franchisor decides not to exercise its right of refusal, Franchisor shall have the right to approve or disapprove the proposed transfer; provided, however, Franchisor's consent shall not be unreasonably withheld as provided in Paragraph 10.2.2. If Franchisor approves the transfer in writing, Franchisee (or Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Franchisee's notice to Franchisor within sixty (60) days after the expiration of Franchisor's right of first refusal. If the transfer is not consummated within such 60-day period, Franchisee may not thereafter transfer such interest without again complying with this Article 10.

10.2.2 Franchisor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

(i) Franchisor shall have decided not to exercise its right of first refusal as provided in Paragraph 10.2.1.

(ii) Franchisee is in full compliance with this Agreement and there are no uncured defaults by Franchisee hereunder, and all debts and financial obligations of Franchisee under this Agreement are current, including Franchisee's obligations to the National Advertising Fund, each Cooperative of which Franchisee is a member, and all vendors, including, if applicable, Franchisor.

(iii) The proposed transferee executes such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then current version of the Franchise Agreement, and if required by Franchisor, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Franchisor may require to execute, Franchisor's then-current ancillary agreements to this Agreement, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement provided, however, that the Continuing Royalty, National Advertising Fund and advertising expense payable by the transferee will not be increased to an amount which is greater than that which is required to be paid system-wide by Franchisor's new franchisees, the transferee will not be required to pay an additional Initial Franchise Fee and the protected Territory of the Franchised Business, as designated in this Agreement will remain substantially similar in size. The Franchise Agreement between Franchisor and Franchisee will terminate once an approved transfer is completed.

(iv) Franchisee and all of the personal guarantors of this Agreement, if any, execute a general release, in a form prescribed by Franchisor, releasing Franchisor and its affiliates, predecessors, successors and assigns, and their respective members, managers, officers, directors, shareholders and employees, in their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the Transfer becomes effective.

(iv) Prior to the date of the proposed transfer, the proposed transferee's principal operators and managers undertake and complete, to the satisfaction of Franchisor, such training and instruction as Franchisor shall deem necessary;

(v) Franchisor is satisfied that the proposed transferee (and if the proposed transferee is an entity, all owners of any interest in such entity) meets all of the requirements for Franchisor's new franchisees applicable on the date Franchisor receives notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, management experience, and financial strength and liquidity;

(vi) The Owner transferring an interest in Franchisee acknowledges and agrees in writing that it is bound by Articles 14, 15 and 16 of this Agreement;

(vii) Franchisee or the Owner, as applicable, pays to Franchisor a transfer fee of Fifty Percent (50%) of the then-current Initial Franchise Fee; provided, however, that if the transferee was introduced to Franchisee by or through Franchisor, or the transferee, after expressing an interest in purchasing a franchise directly from Franchisor, corresponded with the Franchisor's own sales personnel or broker within the twelve (12) months immediately prior to the transfer, then Franchisee shall pay Franchisor a transfer fee of One Hundred Percent (100%) of the then-current Initial Franchise Fee; and

(viii) The proposed transferee and all owners of any interest in a transferee that is an entity provide Franchisor, at least forty-five (45) days prior to the proposed transfer date, copies of financial statements for the preceding three years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and information pertaining to the transferee's existence and ownership.

(ix) Within the time specified by Franchisor, Franchisee, at its expense, shall refurbish the Franchised Business and any vehicles used in the operation of the Franchised Business, as necessary, to conform the Franchised Business to Franchisor's then-current standards and specifications, including, without limitation, specifications regarding, size, color, trade dress, presentation of the Marks, fixtures, flooring, carpeting, and installed equipment.

(x) If Franchisee consists of one or more individual(s), Franchisee may Transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

(xi) Franchisor's consent to a Transfer of any interest in Franchisee or the Franchised Business granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

10.2.3 Franchisee may not transfer its rights or interest in this Agreement and/or the Franchised Business without the prior written consent of Franchisor, which consent may be granted or denied in the reasonable discretion of Franchisor. In the event Franchisor approves a transfer pursuant to this Paragraph, the following requirements shall be met prior to the approved transfer:

(i) The proposed transferee shall execute such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, and any then-current ancillary agreements, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement;

(ii) The Franchisee acknowledges and agrees in writing that it is bound by Articles 14, 15 and 16 of this Agreement; and

(iii) Franchisee pays Franchisor a transfer fee as set forth in Paragraph 10.2.2(vii).

10.2.4 Except for transfers between Permitted Transferees, any ownership or structural changes in Franchisee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Article 10. If Franchisee consists of one or more individual(s), Franchisee may Transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

## **Article 11 - Death or Incapacity**

### 11.01 Alternatives upon Death or Incapacity.

In the event of the death or incapacity of an individual Franchisee, or of any individual equity or other owner of an Entity Franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within ninety (90) days of such event:

11.01.01 Apply to Franchisor for the right to continue to operate the franchise and the Franchised Business for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Article 10 of this Agreement (except that no transfer fee shall be required); or

11.01.02 Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 10 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, transfer or convey shall be computed from the date of said rejection. For purposes of this paragraph, Franchisor's silence on an application to continue to operate through the ninety (90) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

### 11.02 Effect of Failure to Comply.

In the event of the death or incapacity of an individual Franchisee, or any owner of an equity or other interest in an Entity Franchisee where the provisions of this Article have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option

of Franchisor, terminate and the parties shall proceed according to and have the rights provided for in Articles 15 and 16.

#### 11.03 Incapacity Defined.

For purposes of this Agreement, "incapacity" is the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of 60 consecutive days or more. Franchisee shall advise Franchisor in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity Franchisee has an incapacity. However, Franchisee's failure or inability to advise Franchisor of Franchisee's incapacity shall not limit Franchisor's rights under this paragraph. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Franchised Business is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made. Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee's Entity any disability benefits for 60 consecutive days, or more, of disability, the Franchisor may regard that as conclusive evidence of incapacity.

### **Article 12 - Successors and Assigns**

This Agreement shall bind and inure to the benefit of the successors, permitted transferees and assigns, personal representatives, heirs and legatees of the parties hereto.

### **Article 13 - Termination**

Franchisor may terminate this Agreement as follows:

#### 13.01 Termination upon Thirty (30) Days' Notice.

Franchisor may terminate this Agreement upon at least thirty (30) days' notice and opportunity to cure (or longer if required by law) if Franchisee is in breach of any term of this Agreement or of any other agreement between Franchisee and Franchisor or any affiliate of Franchisor.

#### 13.02 Termination upon Seventy-Two (72) Hours' Notice

Franchisor may terminate this Agreement upon at least seventy-two (72) hours' notice and opportunity to cure (or longer if required by law) for occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option, but not the obligation, to provide Franchisee with a longer notice and cure period, as Franchisor may determine in its sole discretion:

- (i) Franchisee fails to pay or deposit when due, and in the manner prescribed by Franchisor, any moneys owed to Franchisor or any of its affiliate companies or to another Shine franchisee;

(ii) Franchisee files a voluntary petition in bankruptcy or has an involuntary petition filed against Franchisee, Franchisee makes an assignment for the benefit of creditors, or a receiver or trustee is appointed;

(iii) Franchisee violates or attempts to violate any of the Assignment provisions of this Agreement;

(iv) Franchisee vacates, deserts, or otherwise abandons all or any substantial portion of the Premises or equipment, or abandons the Franchised Business for more than 24 hours (whether or not Franchisee intends to abandon);

(v) Franchisee sublicenses or attempts to sublicense the Marks or the System in violation of this Agreement;

(vi) Franchisee is an Entity and an impasse exists between equity or other owners or there is any change in the ownership of any interest in the Entity without having first complied with the provisions of this Agreement;

(vii) Franchisee fails to timely permit any audit or inspection by or on behalf of Franchisor;

(viii) Franchisee violates or fails to comply with any law, rule, regulation, ordinance or order relating to the operation of the Franchised Business (including any health codes, rules or regulations) or fails to obtain and continue any license, permit or bond necessary, in Franchisor's opinion, for Franchisee's operation of the Franchised Business;

(ix) Franchisee is convicted of or pleads guilty or "Nolo Contendere" to any felony;

(x) Franchisee fails to operate the Franchised Business under the Marks or fails to properly display the Marks at all times in full compliance with this Agreement and the Manual;

(xi) Franchisee engages in any business dealings in relation with the Franchise, the Franchised Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, the System, Franchisor, other Franchisees, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee or any other Franchisee or the Franchisor;

(xii) Franchisee fails to maintain insurance or workers compensation coverage;  
or

(xiii) Any other agreement, including any other Franchise Agreement to which Franchisee is a party, between Franchisee and Franchisor or between Franchisee and any of Franchisor's related companies is terminated for cause.

### 13.03 Termination without Notice

Franchisor may terminate this Agreement without giving notice or opportunity to cure upon occurrence of any one or more of the following events (each of which Franchisee acknowledges

is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option to give a longer notice and a cure period pursuant to other provisions of this Agreement:

- (i) Upon three (3) willful and material breaches of the same term of this Agreement occurring within a twelve (12) month period;
- (ii) Franchisee is adjudicated a bankrupt or insolvent;
- (iii) Franchisee makes an assignment for the benefit of creditors or similar disposition of the assets of the Franchised Business;
- (iv) Franchisee voluntarily abandons the Franchised Business for more than thirty (30) consecutive days during such season or period when Franchisee is obligated to be operating the Franchised Business;
- (v) Franchisee is convicted of or pleads guilty or no contest to a charge of violating any law relating to the Franchised Business; or
- (vi) Franchisee fails to achieve a minimum Gross Revenue of One Hundred Thousand Dollars (\$100,000) during any twelve-month period during the Term ("Minimum Sales Volume").

#### 13.04 Limitation of Rights

Notwithstanding any right of Franchisor to terminate this Agreement, pursuant to this Agreement or otherwise, Franchisor may, in Franchisor's sole discretion, elect to not terminate this Agreement and to, in lieu thereof, impose limitations on Franchisee, including, but not limited to, revocation of Franchisee's Territorial rights, and revocation of Franchisee's rights to acquire or offer and sell certain products and services. Franchisor's election to not terminate this Agreement pursuant to this paragraph shall not constitute an election of remedies and Franchisor may, thereafter, terminate this Agreement on account of the same or any other event(s) of default as set forth herein.

#### 13.05 Termination by Franchisee

This Agreement shall automatically terminate upon delivery of notice of termination to Franchisor, if Franchisor fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within ninety (90) days after Franchisee delivers written notice of such failure to Franchisor.

### **Article 14 - Competition with Franchisor**

#### 14.01 Competing Business Activities during Term.

Franchisee acknowledges that it will receive valuable, specialized training and confidential information regarding the operational, sales, promotional, and marketing methods of the Shine concept that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Term, Franchisee and its Owners and guarantors will not, without Franchisor's prior written consent, either directly or

indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any business that participates in Competitive Activities. For purposes of this Agreement, "Competitive Activities" shall mean promoting, selling, marketing and/or providing window cleaning, pressure cleaning, screen cleaning, gutter cleaning, or holiday lighting installation, removal, and/or storage services and related products and services.

(ii) divert or attempt to divert any business or customer that had done business with or been a customer of the Franchised Business within the two (2) years before the expiration or termination of this Agreement, to any business or person participating in Competitive Activities, by inducement or otherwise, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all business and customer information associated therewith, inure to Franchisor;

(iii) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(iv) use any vendor relationship established through Franchisee's association with Franchisor for any purpose other than to purchase products for use or retail sale in the Franchised Business;

(v) operate any other business other than the Franchised Business without first obtaining Franchisor's prior written approval.

#### 14.02 Competing Business Activities after Term.

14.02.01 Franchisee covenants and agrees that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal, Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any business that participates in Competitive Activities within a 20-mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the date of termination, expiration, or non-renewal of this Agreement, or of any Shine franchisee location;

(i) Solicit, take away, or divert, and influence or attempt to influence any customers, franchisees, vendors, clients, and patrons of Franchisor or of any franchisee of Franchisor, which customers, franchisees, vendors, clients, and patrons were served by Franchisor or a franchisee of Franchisor at any time during the four (4) years preceding the date of termination, expiration, or non-renewal of this Agreement, to transfer or divert their business or patronage from Franchisor or Franchisor's Franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Franchised Business;

14.02.02 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, disclose or cause or permit to be disclosed, sell, or otherwise transfer to any party other than Franchisor, including, but not limited to, a person or Entity, for or not for consideration, the Trade Secrets, or any part thereof;

14.02.03 Franchisee acknowledges and agrees that the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and reasonable and are reasonably required for the protection of Franchisor and its Franchisees. Franchisee would desire at least this same protection against competitive activities by another former Franchisee whose franchise agreement was either expired, terminated or non-renewed. Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court shall be convened. Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision.

14.02.04 It shall not be a violation of this Article for Franchisee to have or maintain a passive investment in stock of any publicly traded corporation, provided said stock holdings shall not exceed five percent (5%) of the issued and outstanding stock of such corporation.

14.02.05 For purposes of this Agreement, all references to Franchisor shall be deemed to include: (a) any corporation or entity which acquires all, or substantially all, of the assets of Franchisor, whether by statutory merger or otherwise, (b) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Franchisor or its successor, and (c) any sub-franchisor or other assignee of Franchisor.

14.02.06 Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Franchisor by a violation of this Article 14 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 14, Franchisor shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1.5. Franchisee acknowledges that this results in a reasonable estimate of what Franchisor's actual damages would be and is not a penalty.

14.02.07 Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Franchisor and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law. In the event of any action for a temporary or permanent injunction to enforce this Covenant, Franchisee hereby waives any requirement of a bond to the extent that any bond would exceed one hundred dollars (\$100). The substantially prevailing party in any such enforcement action shall be entitled to recover their attorneys' fees and costs incurred therein in addition to any and all other remedies.

14.02.08 Nothing in this Article 14 shall obligate Franchisor to take action to enforce this or any other covenant against competition against any other Franchisee or former Franchisee. Nothing in this Article 14 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other Franchisee or former Franchisee.

14.02.09 The terms of this Article 14 shall survive the termination, expiration, or non-renewal of this Agreement for any reason.

## **Article 15 - Effect of Termination**

### **15.01 Loss of Rights.**

After the termination, expiration, or non-renewal of this Agreement for any reason, Franchisee shall have no further rights to use, in any manner, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or the Manual. Franchisee shall immediately notify such persons as Franchisor shall reasonably require of Franchisee's loss of rights thereto. All sums of money due from Franchisee to Franchisor or to any other Shine franchisee as of the after the date of termination, expiration, or non-renewal of this Agreement shall become immediately due and payable. As between the parties hereto, Franchisor or Franchisor's designee shall have the option, exercisable within sixty (60) days, to assume the lease for the Premises. If Franchisor elects to assume the lease for the Premises, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Franchisor or Franchisor's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Franchisor or its designee to assume the said lease. Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Franchisor or Franchisor's designee. In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Franchisor shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Franchisor's election, such option exercisable by Franchisor within sixty (60) days following the date of termination, expiration, or non-renewal of this Agreement.

### **15.02 Change of Identity.**

After the termination, expiration, or non-renewal of this Agreement for any reason, Franchisee shall immediately refrain from holding itself out to the public in any way as a Franchisee or affiliate of Franchisor or as a former Franchisee or affiliate of Franchisor. If directed by Franchisor, Franchisee shall, at Franchisee's sole cost and expense, make or cause to be made such changes in signs, telephone numbers, buildings or structures as Franchisor may direct to distinguish the Premises from its former appearance and from other Shine franchisees. If Franchisee fails to make such changes within ten (10) calendar days after the date of termination, expiration, or non-renewal of this Agreement, then Franchisor shall have the right to enter upon the Premises, without liability for trespass or otherwise, and to make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee upon demand. Franchisee shall immediately file the appropriate forms to abandon or withdraw any assumed name certificate or to change the name of its corporation or partnership to eliminate any reference to the System or the Marks. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. Franchisee shall immediately return to Franchisor the Manual, Trade Secrets, bulletins, instruction sheets, software, forms, Marks, designs, signs, printed matter and other material containing any part of the System or the Marks together with all copies thereof (including electronic or digital copies) that are or have been within Franchisee's custody or control.

#### 15.03 Changeover Procedure.

Upon the termination, expiration, or non-renewal of this Agreement for any reason, if Franchisor or Franchisor's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate a Shine business from that location, the parties agree to cooperate in the changeover of the Franchised Business to Franchisor, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. In such case, the parties shall: notify the landlord of the change of tenancy and Franchisor shall be entitled to take control of the Premises, including by changing the locks; terminate vendor accounts at Franchisor's option; conduct an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Franchisor's inventory shall be presumed accurate and complete); Franchisor shall have the right to use Franchisee's equipment, furniture, fixtures and related items for up to sixty (60) days and shall pay or credit Franchisee with the fair market rental value of that use; Franchisor shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Franchisor or Franchisor's designee; Franchisor or its designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Franchisor of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an adequate remedy.

#### 15.04 Continuing Royalties.

Franchisor shall be entitled to receive Royalties on all Gross Revenues received or receivable by Franchisee as of the date of termination, expiration, or non-renewal of this Agreement. All such royalties shall be due and payable on the date of termination, expiration, or non-renewal of this Agreement.

#### 15.05 Option to Purchase Certain Assets.

Franchisor shall have and is hereby granted an exclusive option for a period of sixty (60) days from and after the date of termination, expiration, or non-renewal of this Agreement, to purchase from Franchisee all of Franchisee's right, title and interest in all or any part of the franchise, Franchisee's Franchised Business and business assets and the Premises, if applicable, at the fair market value, except as otherwise specifically provided herein, of all assets purchased, but excluding any value for purported "goodwill" or "blue sky". Franchisee acknowledges that Franchisor already owns the "goodwill" or "blue sky," which is attached to the Marks and the Franchised Business. Franchisor's notice exercising the option granted herein shall contain a list, at least by major category, of the assets Franchisor is purchasing. Franchisor shall not be obligated to assume any liabilities of Franchisee.

#### 15.06 Payment and Terms.

Franchisor shall pay to Franchisee all sums due pursuant to this Article, and any other sums required by this Agreement or by law, over a period of sixty (60) months, or such shorter period as Franchisor, in its sole discretion, shall elect, with interest thereon at the prime interest rate as published by Bank of America or its successor, if applicable, determined as of the end of the

calendar quarter immediately preceding the date of termination, expiration, or non-renewal of this Agreement.

#### 15.07 Survival of Terms.

The terms of this Article 15 shall survive the termination, non-renewal or expiration of this Agreement for any reason.

#### 15.08 Return of Holiday Lights

Within ten (10) days after the date of termination, expiration, or non-renewal of this Agreement, for any reason, Franchisee shall return the holiday lights collected and used in the course of the Franchised Business to Franchisor or the lawful owners of such lights, as Franchisor shall direct. In the event Franchisee fails to timely return the holiday lights, Franchisor and its agents shall have the opportunity and right to enter Franchisee's Premises without being guilty of trespass to collect such lights without prior written notice to Franchisee and without any liability to Franchisee. Franchisee shall promptly reimburse Franchisor for any and all expenses Franchisor incurs in collecting the holiday lights and returning the lights to their lawful owners. In the event that Franchisee fails to return the holiday lights pursuant to this Paragraph, Franchisee hereby releases, indemnifies and holds harmless Franchisor and its affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to Franchisor's and its agents collection and storage of the lights including any damage to the Premises. Franchisee agrees that an action at law would be an adequate remedy for a breach or default by Franchisee, or by any other persons bound by this Agreement, in the performance of any obligation relating to this requirement to return holiday lights to their rightful owners upon termination of Franchisee's Franchised Business. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge or arbitrator, at its option, including a preliminary injunction and permanent mandatory injunction to require Franchisee to compel compliance with this Paragraph.

### **Article 16 - Arbitration of Disputes.**

#### 16.01 Agreement to Arbitrate.

Except as provided in Paragraph 16.04, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This Article shall be governed by the Federal Arbitration Act. Any arbitration shall be before a panel of three (3) arbitrators and shall take place in Lakeway, Texas. No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated. The parties shall bear their own expenses, including their own attorney's fees and costs and shall share equally all expenses of the arbitrator.

#### 16.02 Conduct of Arbitration.

Unless otherwise specifically required by applicable law, demand for arbitration or proceedings in arbitration, or court proceedings shall not operate to stay, postpone, prohibit or rescind any

expiration, termination or non-renewal of this Agreement as provided in this Agreement, and the parties will be limited to their remedy in damages, as determined by the court or arbitrator, for non-renewal or termination found by the arbitrator to be wrongful. Damages would be an adequate remedy for any such wrongs. The court or arbitrator shall not extend, modify or suspend any of the terms of this Agreement or the reasonable standards of business performance set by Franchisor. The arbitrators shall permit discovery between the parties pursuant to the Federal Rules of Civil Procedure.

#### 16.03 Conditions Precedent to Arbitration.

As conditions precedent to commencing an arbitration proceeding pursuant to this Agreement, the parties shall first comply with the terms of this Paragraph 16.03. Failure to comply with this paragraph shall be a material breach of this Agreement and shall entitle the non-defaulting party to an award of all of their attorney's fees and costs reasonably expended in enforcing the terms of this paragraph. Such award of attorney's fees shall be made by the court enforcing this paragraph and shall be paid by the breaching party before and as a condition precedent to further proceeding in accordance with this Article. For the limited purpose of enforcing this Paragraph 16.03, each party hereby waives arbitration and the matter shall be heard in the Travis County Courts in Texas. Within not more than sixty (60) days following the date on which the aggrieved party first discovered or reasonably should have discovered the facts of a dispute between the parties, but not more than one (1) year after the date of the events or facts which gave rise to the dispute, the aggrieved party shall give a Notice to the other party (and any involved other persons) of the existence of the dispute, and shall set forth, in writing, a detailed description of the relevant facts together with a reasonably detailed description of the legal basis of the claim. The Notice shall include a detailed description by the aggrieved party of the remedy or outcome desired. The non-aggrieved party shall respond to the Notice within thirty days following its receipt. If the Notice and response does not resolve the dispute, the parties shall meet, in person, within sixty (60) days following the date of the non-aggrieved party's response, in the corporate offices of the Franchisor, and attempt to informally resolve the matter. If the informal meeting does not resolve the matter, the parties shall, within sixty (60) days following the date of the informal meeting, submit to nonbinding mediation in Lakeway, Texas with a mediator selected according to the rules of the American Arbitration Association. If the dispute is not resolved through mediation, then either party may commence an arbitration proceeding, but must do so within ninety (90) days following the date that either party or the mediator has declared the mediation terminated. The demand for arbitration shall contain a certificate by the party commencing arbitration that the party has fully complied with every provision of this Paragraph 16.03. Copies of the Notice and the response thereto exchanged pursuant to this paragraph shall be attached to the demand for arbitration and the issues in the arbitration shall be limited to matters contained therein.

#### 16.04 Limited Exceptions to Arbitration and Mediation.

The requirements of Paragraphs 16.01, 16.02, and 16.03 shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, royalties or National Advertising Fund contributions Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Franchisor's rights in the Marks (both for injunctive relief and damages), the Trade Secrets or the covenant against competition. Such actions and claims are not submitted to arbitration. Any such actions and claims shall be brought in the Travis County Courts in Texas. Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to Paragraphs 16.01, 16.02 and 16.03.

## **Article 17 - Representations Of Franchisee**

### 17.01 Representations

Franchisee represents and warrants as follows:

17.01.01 Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this Agreement or performance thereunder;

17.01.02 Franchisee is executing this Agreement and purchasing the franchised business herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith);

17.01.03 Franchisee intends to be actively involved in the Franchised Business for the entire term of this Agreement and knows of no reason that he/she might become a passive owner;

17.01.04 Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after Franchisee has an approved location, has successfully completed the Initial Training, and is open for business. If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Franchisor's advice.

## **Article 18 - Miscellaneous Provisions**

### 18.01 Non-waiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

### 18.02 Attorneys' Fees.

In the event that legal action is properly commenced in court by either party to enforce this Agreement or to determine the rights of any party, as permitted by Paragraph 16, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorneys, fees and costs, including expert fees and fees on appeal.

### 18.03 Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

#### 18.04 Warranty of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

#### 18.05 Fines.

For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training or franchisor sponsored conventions, or offers unauthorized products or services, Franchisor shall, at Franchisor's option, have the right to levy a fine in an amount up to One Thousand Dollars (\$1,000) per occurrence. Alternatively, in the case of failure to attend required training or franchisor sponsored conventions, Franchisee's royalty fee for the balance of the calendar year shall increase by one percent (1%), provided Franchisee does not obtain Franchisor's prior, written approval not to attend the training or convention. The imposition of a fine pursuant to this Paragraph shall not act as a waiver of any of Franchisor's other remedies under this Agreement. Furthermore, Franchisor has the right to collect any such fines by means of EFT.

#### 18.06 Paragraph Headings.

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

#### 18.07 Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to "Franchisee" shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity.

#### 18.08 No Third Party Beneficiary.

Nothing in this Agreement shall be construed to give Franchisee any rights as a third party beneficiary or otherwise arising out of any similar or other agreement(s) between Franchisor and any other Franchisee(s). Nothing in this Agreement shall be construed to give to any other Franchisee or any other person any rights arising out of this Agreement. Any action or inaction by Franchisor with regard to any other Franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement.

#### 18.09 Choice of Law.

Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the state of Texas.

#### 18.10 Notices.

All notices required or permitted by this Agreement ("Notice" or "Notices") shall be sent to the respective parties at the addresses set forth herein. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile

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

#### 18.11 Entire Agreement.

This document, together with any addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the Franchise Disclosure Document presented herewith are hereby fully superseded. No provision of the Franchise Agreement may disclaim or require the Franchisee to waive reliance on the representations made in the Franchise Disclosure Document.

#### 18.12 Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Franchisor. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Franchisor.

#### 18.13 Effective Date.

This Agreement shall have no force or effect unless and until signed by an officer of Franchisor. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Franchised Business is located.

#### 18.14 Time Of Essence.

Time is of the essence of this Agreement.

### **Article 19 - Business Risk.**

#### 19.01 No Promises.

Franchisee has been informed by Franchisor, realizes and acknowledges that the business venture contemplated by this Agreement involves business risks and its success or failure will be largely dependent upon Franchisee's abilities in operating and managing the Franchised Business. Franchisee has made its own investigation and evaluation regarding the viability of the Franchised Business it is purchasing.

#### 19.02 Receipt for Disclosure Document.

Franchisee has received a copy of this Agreement and the Shine Franchise Disclosure Document at least fourteen (14) days before signing this Agreement or paying any fee to Franchisor. Franchisee has received a complete copy of this Agreement and all addenda, with all material blanks filled in, at least seven (7) days before signing this Agreement. Franchisee has been encouraged and provided ample opportunity to consult an attorney or other advisor(s) of its own choosing before entering into this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

Dated: \_\_\_\_\_ (effective date)

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

**SHINE DEVELOPMENT, INC.**

**FRANCHISEE:**

\_\_\_\_\_

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

Christopher Fisher, President  
1017 Ranch Road 620 South, Suite 101  
Lakeway, TX 78734

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

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

\_\_\_\_\_

**ADDENDUM A**  
**FRANCHISE RIDER**

**Initial Franchise Fee**

The Initial Franchise Fee shall be:

- \$44,900 for the first Franchised Business
- \$20,000 for a second or subsequent Franchised Business

**Territory**

The geographic boundaries or zip codes (all geographic boundaries or zip codes shall be as they exist on the date of this Agreement) of Franchisee's Territory shall be as follows: \_\_\_\_\_

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The estimated population of the Territory is: \_\_\_\_\_

The map for the Territory is as follows:

**Location**

If the Location has already been selected by Franchisee and approved by Franchisor, then the following is Franchisee's Location for the term of the Franchise Agreement:

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**Unassigned Location (If Applicable)**

If no Location has been determined at the time this Franchise Agreement is executed, then the Location will be within the Territory, provided the exact location will be subject to Franchisor's review and approval. When Franchisee selects its desired location for the Franchised Business, Franchisee must follow the approval process set forth in the Franchise Agreement and Franchisor's Manuals. If Franchisor approves of Franchisee's proposed location, Franchisor will send Franchisee its form site approval letter ("Site Selection Approval Letter"). The location set forth in the Site Selection Approval Letter shall constitute the "Location" of the Franchised Business pursuant to the Franchise Agreement.

## **ADDENDUM B**

### **PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT**

In consideration of the execution of the Franchise Agreement (the "Agreement") between Shine Development, Inc. ("Franchisor") and \_\_\_\_\_ ("Franchisee") dated of even date herewith, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, except for those designated as "Spouse" and not "Owner" in the signature block below, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other guarantors of Franchisee. The undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against the undersigned and Franchisee jointly and severally, or Franchisor may, at its option, proceed against the undersigned, without having commenced any action, or having obtained any judgment against Franchisee. The undersigned agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; (3) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (4) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

The undersigned waive: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and (5) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

[Signatures on the Following Page]

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

PERSONAL GUARANTORS:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Owner or Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Owner or Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Owner or Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Owner or Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Owner or Spouse: \_\_\_\_\_

## **ADDENDUM C**

### **INTERNET, SOCIAL MEDIA, AND TELEPHONE ASSIGNMENT**

This Assignment Agreement (the "Assignment") is made, and entered into, between SHINE DEVELOPMENT, INC., a Texas corporation ("Franchisor") and \_\_\_\_\_ ("Franchisee").

#### **RECITALS**

- A. Franchisor has developed and refined a business selling franchises for window cleaning, pressure washing, house detailing, and holiday lighting service providers ("Franchised Business") known as "SHINE" which uses distinctive innovations and marketing features (the "System");
- B. Franchisor and Franchisee have entered into a Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a Franchised Business under the System; and
- C. It is the desire of and in the best interests of Franchisor and the System that in the event the Franchise Agreement terminates, expires, or is not renewed, the telephone numbers, telephone directory listings, internet addresses, and social media accounts used by Franchisee in connection with the operation of its Franchised Business are assigned to Franchisor.

#### **AGREEMENT**

NOW THEREFORE, in consideration of the foregoing and Franchisor agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the Franchised Business (collectively, the "Telephone Listings") and (ii) all e-mail addresses, domain names, social media accounts and comparable electronic identities that use the Marks or any portion of them used by Franchisee in connection with any Internet directory, website or similar item in connection with the operation of the Franchised Business, whether now-existing or adopted by Franchisee in the future, (collectively "Internet Listings").
2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Telephone Listings and the Internet Listings (collectively the "Listings") unless and until Franchisor notifies the telephone company and the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company"), Franchisee's Internet service provider ("ISP"), and social media websites ("Websites") to effectuate the assignment pursuant to the terms hereof.
3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Listings; provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed under existing contracts for telephone directory advertising and immediately, at

the Franchisor's request, (i) take any other action as may be necessary to transfer the Listings to the Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect the Listings; and/or (iv) cooperate with Franchisor or its designated agent in the removal or relisting of any telephone directory or directory assistance listing, Internet directory, website or advertising, whether published or online.

4. Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such numbers, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

5. The parties agree that the Telephone Company, the Websites, and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon Telephone Company's, Websites' and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company, the Websites, or the ISP requires that the parties execute the Telephone Company's, the Websites,' or the ISP's assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Franchisor is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All Franchisor's rights inure to Franchisor's benefit and to the benefit of Franchisor's successors and assigns.

Agreed to this as of \_\_\_\_\_

FRANCHISEE:

FRANCHISOR:

SHINE DEVELOPMENT, INC.

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

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

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

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

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

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

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

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

## ADDENDUM D

### NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement ("Agreement") is made and entered into as of \_\_\_\_\_ by and between SHINE DEVELOPMENT, INC., a Texas corporation ("Franchisor"), and \_\_\_\_\_ ("Associate"), who resides at \_\_\_\_\_. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

#### RECITALS

A. The Franchisor is engaged in franchising businesses offering window care, pressure washing, house detailing, and holiday lighting services (the "Franchised Business"). The Franchised Businesses are operated under the Franchisor's trademark "Shine" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor's distinctive business format, plans, methods, data, processes, supply systems, marketing systems, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Franchisor ("Confidential Information" and "Trade Secrets") and such Confidential Information and Trade Secrets as may be further developed from time to time by the Franchisor ("System");

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and services the Franchised Businesses provide, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with the Franchisor or a franchisee of the Franchisor in the capacity of an officer, partner, director, agent, Manager, employee or as a beneficial owner of the Franchised Business, or is an immediate family member or domestic partner of a principal owning a Franchised Business, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee's Obligations form; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or a Franchisee of the Franchisor using the Franchisor's Confidential Information and Trade Secrets.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Associate" shall mean the individual or entity described in the first paragraph of this Agreement and the Associate's managers, officers, beneficial owners, directors,

employees, shareholders, partners, members, principals, immediate family members and domestic partners.

(b) "Authorized Territory" shall have the meaning defined in the Franchise Agreement.

(c) "Competitive Activities" as used in this Agreement shall mean promoting, selling, marketing and/or providing window cleaning, pressure cleaning, screen cleaning, gutter cleaning, or holiday lighting installation, removal, and/or storage services and related products and services.

(d) "Confidential Information" shall mean without limitation, all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the Franchise Business and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information that the Franchisor or its affiliates designates as confidential including all information contained in the Manuals, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from the Franchisor or its affiliates, which may be changed or supplemented from time to time.

(e) "Franchise Agreement" shall mean the franchise agreement between Franchisor and \_\_\_\_\_ ("Franchisee") dated \_\_\_\_\_ as amended or renewed from time to time.

(f) "Term" shall have the meaning defined in the Franchise Agreement.

(g) "Trade Secret(s)" shall mean information, including a customer lists, pattern, compilation, program, device, method, technique or process related to the Franchise Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Confidential Information and Trade Secrets. Associate and the Franchisor acknowledge that the Confidential Information and Trade Secrets that are developed and utilized in connection with the operation of the Franchise Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Franchisor or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information. During the Term and any renewal Term of the Franchise Agreement and for all periods after the Term and any renewal Term of the Franchise Agreement, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm,

corporation or other entity other than for the use of the Franchisor or the Franchise Business, any of the Confidential Information of the Franchisor or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Associate through no fault of Associate; (b) information that entered the public domain after it was Communicated to Associate through no fault of Associate; (c) information that was in Associate's possession free of any obligation of confidence at the time it was communicated to Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Associate is legally compelled to disclose the information, if Associate has notified the Franchisor before disclosure and used Associate's best efforts, and afforded the Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5. Nondisclosure of Trade Secrets. During the Term and any renewal Term of the Franchise Agreement and for as long as such information constitutes a Trade Secret, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchise Business, any of the Trade Secrets of the Franchisor or its affiliates.

6. Noncompetition Covenant. Associate acknowledges that, in addition to the license of the Marks hereunder, the Franchisor has also licensed commercially valuable information that comprises and is a part of the Franchise Business, including without limitation, the Confidential Information and Trade Secrets and that the value of this information derives not only from the time, effort and money that went into its compilation, but from the usage of the same by all franchisees of the Franchisor using the Marks and System. Associate therefore agrees that other than the Franchised Business licensed under a Franchise Agreement, the Associate, will not during the Term and renewal Term of the Franchise Agreement:

(a) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any business that participates in Competitive Activities;

(b) divert or attempt to divert any business or customer that had done business with or been a customer of the Franchised Business within the two (2) years before the expiration or termination of this Agreement, to any business or person participating in Competitive Activities, by inducement or otherwise, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all business and customer information associated therewith, inure to Franchisor;

(c) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(d) use any vendor relationship established through Franchisee's association with Franchisor for any purpose other than to purchase products for use or retail sale in the Franchised Business; or

(e) operate any other business other than the Franchised Business without first obtaining Franchisor's prior written approval.

7. Post-Termination Covenant Not to Compete. Upon termination, expiration, or non-renewal of the Franchise Agreement for any reason, or termination of Associate's employment with Franchisee, Associate agrees that, for a period of two (2) years commencing on the effective date of termination, expiration, or non-renewal of the Franchise Agreement, or termination of Associate's employment with Franchisee, or the date on which Associate or Franchisee, ceases to conduct business, whichever is later, the Associate will not have any direct or indirect interest (through any immediate family member of Associate or its owners or otherwise), Associate will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or entity, do any of the following:

(a) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any business that participates in Competitive Activities within a 20-mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the date of termination, expiration, or non-renewal of the Franchise Agreement or employment, or of any Shine franchisee location;

(b) Solicit, take away, or divert, and influence or attempt to influence any customers, franchisees, vendors, clients, and patrons of Franchisor or of any franchisee of Franchisor, which customers, franchisees, vendors, clients, and patrons were served by Franchisor or a franchisee of Franchisor at any time during the two (2) years preceding the date of termination, expiration, or non-renewal of the Franchise Agreement or employment, to transfer or divert their business or patronage from Franchisor or Franchisor's Franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Franchised Business;

8. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

9. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information or Trade Secrets in any circumstances.

10. Effect of Waiver. The waiver by Associate or the Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

12. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

13. Governing Law. This instrument shall be governed by and construed under the laws of the State of North Carolina.

14. Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

15. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

16. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

17. Acknowledgment. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. Associate is aware that a violation of this Agreement will cause Franchisor and Franchisee irreparable harm; therefore, Associate acknowledges and agrees that Franchisor and/or Franchisee may apply for the issuance of an injunction preventing Associate from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and Associate agrees to pay Franchisor and Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against Associate. Due to the importance of this Agreement to Franchisor and Franchisee, any claim Associate has against Franchisor or Franchisee is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. Associate agrees that all the words and phrases used in this Agreement will

have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to Associate.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

FRANCHISEE:  
\_\_\_\_\_

FRANCHISOR:  
SHINE DEVELOPMENT, INC.

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

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

**ADDENDUM E**  
**MUTUAL TERMINATION OF FRANCHISE AGREEMENT AND RELEASE**  
**(Sample of Agreement Currently in Use; Subject to Change)**

This Mutual Termination of **Shine** Franchise Agreement and Release is entered into by and between \_\_\_\_\_ (Franchisee) and **Shine Development Inc.** (Franchisor).

**WHEREAS** Franchisee is a Franchisee of Franchisor pursuant to a franchise agreement dated the Agreement), governing a Franchised Business located at \_\_\_\_\_.

**WHEREAS** Franchisee and Franchisor desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Franchisor and Franchisee; and

**WHEREAS** Franchisee and Franchisor each desire to be bound by the terms of this Mutual Termination of the Shine Franchise Agreement and Release,

**NOW THEREFORE**, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.

2. Except for any remaining financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or un-liquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Franchised Business, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3. Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee's operation of the Franchised Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Mutual Termination of the Shine Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: \_\_\_\_\_.

**Franchisee(s)**

**Franchisor - Shine Development Inc.**

\_\_\_\_\_

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

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

**EXHIBIT C****List of Current and Former Franchisees List of Franchisees**

Current Franchisees as of April 24, 2019

<b>Franchisee</b>	<b>Contact</b>	<b>Location Name</b>	<b>Address</b>	<b>Phone</b>
<b>FLORIDA</b>				
Melco Investments LLC	Keith Melvin	Fort Myers	Timberline Cir. Fort Myers, FL 33966	239-470-0350
Melco Investments LLC	Keith Melvin	Naples	Timberline Cir. Fort Myers, FL 33966	239-470-0350
Melco Investments LLC	Keith Melvin	Cape Coral	Timberline Cir. Fort Myers, FL 33966	239-470-0350
Wesley & Jessica Inc.	Wesley Lehman	North Orlando	530 S. Ronald Reagan Blvd. Suite 120, Longwood, FL 32750	407-634-1890
Canali & Jacques LLC*	Joao Emerson	Windermere	13618 Tortona Lane #4303 Windermere, FL 34786	407-502-5353
Shine Broward LLC	Tamara Chase	Fort Lauderdale	412 NW 27th Ave Fort Lauderdale, FL 33311	407-324-2930
<b>GEORGIA</b>				
Georgia Home and Property SCA, LLC	Taylor and Rick Forbus	Alpharetta	1025 Nine North Drive, Ste. B Alpharetta, GA 30004	678-960-8937
<b>MICHIGAN</b>				
DeJonge Business Management LLC	Lee DeJonge	West Michigan	520 Gordon St., Suite 2 Zeeland MI 49464	616-748-1200
Reif Enterprises LLC	Mark Haskin	Midland	805 Townsend St. #3 Midland, MI 48640	989-486-9387
Haarsma Ventures LLC	Aaron Haarsma	Grand Rapids	2940 44th Street Suite J Grandville, MI 49418	616-988-0922
Shine of Lansing LLC	Dave Russell	Lansing	4245 Okemos Road Okemos, MI 48864	517-225-0896
Shine of Lansing LLC	Dave Russell	Traverse City	820 Duell Road Traverse City, MI 49686	231-824-7042
Shine of Ann Arbor	Brett Jasch	Ann Arbor	27235 State Street, Suite 150 Ann Arbor, MI 48104	734-339-2191
Shine of West Oakland County LLC	Brett Jasch	Oakland	6632 Telegraph Rd Bloomfield Hills, MI 48301	248-929-0839
<b>NEW YORK</b>				
Shine of Long Island	Don Fahrbach	Long Island	384 Raymond St. Rockville Centre, NY 11570	516-255-4343
George Apap Painting	George Apap	Westchester	1278 Route 311 Patterson NY 12563	845-878-344
<b>OHIO</b>				
Shine of Cincinnati LLC	Tony Stevens	Cincinnati	6855 Lakota Plaza Dr. West Chester, OH 45069	513-720-6629

Franchisee	Contact	Location Name	Address	Phone
<b>OKLAHOMA</b>				
Shine of OKC Metro	Tyler Cox	North Oklahoma City	5204 N Rockwell, Suite A Bethany, OK 73008	405-351-6359
<b>OREGON</b>				
Sundeleaf Holiday Lighting	Sam Sundaleaf	Portland	2035 SE Ochoco St. Portland OR 97223	503-998-4720
<b>PENNSYLVANIA</b>				
Nolan Painting	Kevin Nolan	Havertown	181 W Hillcrest Havertown PA 19083	610-709-5163
<b>SOUTH CAROLINA</b>				
Shine of East Columbia	George Crouch	East Columbia	3021 McNaughton Drive Suite 9 Columbia, SC 29223	803-573-3868
Shine of West Columbia	George Crouch	West Columbia	(Undeveloped)	803-573-3868
<b>TENNESSEE</b>				
Southern Lawn and Pest, Inc.	Steve Clark	East Memphis	P.O. Box 459 Brighton, TN 38011	901-881-5406
<b>TEXAS</b>				
Ledy Snowball Management LLC	Eric Ledy	Cedar Park	700 S Bell Blvd F007 Cedar Park TX 78613	512-906-0211
DeJonge Business Management LLC	Lee DeJonge	Lakeway	5004 Bee Creek Road Spicewood, TX 78669	512-675-1204
DeJonge Business Management LLC**	Lee DeJonge	Westlake	5004 Bee Creek Road Spicewood, TX 78669	512-675-1204
Shine of West Houston	Travis Hansen	West Houston	11511 Gaston Rd A-103 Katy TX 77494	281-615-8989
HTH Enterprises, Inc.	Travis Hansen	The Woodlands	(Undeveloped)	281-615-8989
Gator Business Management Inc.	Cami Wilson	Austin 4 Points	6500 River Place Blvd. Building 7, Suite 250, Austin, TX 78738	512-915-0600

\*The franchise agreement for this location was signed in 2018, but not opened until 2019.

\*\*This franchise agreement was signed in 2019.

## Franchisees Who Have Left the System

Franchisees Who Have Had an Outlet Terminated, Canceled, Not Renewed or Otherwise Voluntarily or Involuntarily Ceased to do Business Under the Franchise Agreement During 2018 or Who Have Not Communicated with Franchisor Within 10 Weeks of the Issuance Date of the Disclosure Document:

Shine of North Tampa LLC\*  
Matt Magee North Tampa  
3152 Little Rd., Suite 170  
Trinity FL, 34655  
727-808-2284

Shine of Bend LLC\*  
Dylan Aune Bend  
20585 NE Brinson Blvd.  
Bend OR 97701  
541-390-8673

\*Left the System in 2019

**EXHIBIT D**  
**OPERATIONS MANUAL TABLE OF CONTENTS**



# Shine Window Care Playbook 2018

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## EXHIBIT E

### LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

#### FEDERAL TRADE COMMISSION

Franchise Rule Coordinator  
Federal Trade Commission Division of Marketing Practices  
Pennsylvania Avenue at Sixth Street, N.W., Room 238  
Washington, D.C. 20580  
Telephone: (202) 326-2970

#### STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

##### CALIFORNIA:

Jan Lynn Owen  
Department of Business Oversight  
320 West 4th St., Ste. 750  
Los Angeles, California 90013  
Telephone: (213) 576-7500 or  
Toll Free Telephone: (866) 275-2677

##### CONNECTICUT:

Eric Wilder, Director of Securities  
Connecticut Department of Banking  
Securities and Business Investment  
Division  
260 Constitution Plaza  
Hartford, CT 06103-1800  
Telephone: (860) 240-8233

##### HAWAII:

Commissioner of Securities  
of the State of Hawaii  
Department of Commerce and  
Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
Telephone: (808) 586-2722

##### ILLINOIS (Registered Agent):

Tanya Solov, Director of Securities  
Office of the Secretary of State  
Securities Department  
69 West Washington Street, Suite 1220  
Chicago, IL 60602  
Telephone: (312) 793-3884

##### ILLINOIS (Regulatory Authority):

Lisa Madigan  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

Telephone: (217) 782-4465

##### INDIANA:

Chris Naylor, Securities Commissioner  
Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
Telephone: (317) 232-6681

##### IOWA:

Jim Mumford, Securities Administrator  
Director of Regulated Industries Unit  
Iowa Securities Bureau  
330 Maple Street  
Des Moines, IA 50319-0066  
Telephone: (515) 281-5705

##### MARYLAND (Registered Agent):

Maryland Securities Commissioner  
200 St. Paul Place,  
Baltimore, Maryland 21202-2020  
Telephone: (410) 576-6360

##### MARYLAND (Regulatory Authority):

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202-2020  
Telephone: (410) 576-6360

##### MICHIGAN (Regulatory Authority):

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
525 W. Ottawa Street  
Lansing, MI 48909  
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):  
Linda Cena, Securities Director  
Office of Financial & Insurance Regulation  
525 West Allegan  
1st Floor Constitution Hall  
Lansing, MI 48909  
Telephone: (517) 241-6345

MINNESOTA:  
Minnesota Department of Commerce  
Securities-Franchise Registration  
85 7th Place East, Suite 280  
St. Paul, MN 55101-2198  
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory  
Authority)  
New York State Department of Law  
Investor Protection Bureau  
28 Liberty St., 21<sup>st</sup> Floor  
New York, New York 10005  
Telephone: (212) 416-8236

NEW YORK (Agent for Service of Process)  
Secretary of State  
99 Washington Avenue Albany, NY 12231

NORTH DAKOTA:  
North Dakota Securities Department  
Fifth Floor State Capitol  
Dept. 414  
600 East Boulevard  
Bismarck, ND 58505-0510  
Telephone: (701) 328-2910

OKLAHOMA:  
Oklahoma Securities Dept.  
First National Center  
120 N. Robinson Suite 860  
Oklahoma City, OK 73102  
Telephone: (405) 280-7700

RHODE ISLAND:  
Division of Securities  
233 Richmond Street, Suite 232  
Providence, RI 02903  
Telephone: (401) 222-3048

SOUTH DAKOTA:  
Division of Insurance  
Securities Regulation  
124 S. Euclid Suite 104  
Pierre, SD 57501  
Telephone: (605) 773-3563

TEXAS (Registered Agent)  
Christopher Fisher  
1017 Ranch Road 620 South, Suite 101  
Lakeway, TX 78734

TEXAS (Regulatory Authority):  
Hope Andrade  
Secretary of State  
P.O. Box 12697  
Austin, TX 78711-2697  
Telephone: (512) 463-5701

UTAH:  
Division of Consumer Protection  
Utah Department of Commerce  
160 East 300 South  
SM Box 146704  
Salt Lake City, UT 84114-6704  
Telephone: (801) 530-6601

VIRGINIA (Registered Agent):  
Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219  
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)  
State Corporation Commission,  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219  
Telephone: (804) 371-9051

WASHINGTON:  
Department of Financial Institutions  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501  
(360) 902-8760

WISCONSIN:  
Franchise Office  
Wisconsin Securities Commission  
P.O. Box 1768  
Madison, WI 53701  
Telephone: (608) 266-3364

**EXHIBIT F**

**STATE SPECIFIC INFORMATION**

**RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES**

If any one of the following Riders to the Franchise Agreement for Specific States (“Riders”) is checked as an “Applicable Rider” below, then that Rider shall be incorporated into the Franchise Agreement entered into by SHINE DEVELOPMENT INC. and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider

- New York
- Illinois

SHINE DEVELOPMENT INC.

\_\_\_\_\_  
FRANCHISEE (Print Name)

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

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

## NEW YORK

### Disclosure Document

The following language is added to risk factors on the cover page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES 120 BROADWAY, 23RD FLOOR NEW YORK, N.Y. 10271

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE CONTAINED IN THIS DISCLOSURE DOCUMENT.

The franchisor represents that this disclosure document does not knowingly omit any material fact or contain any untrue statement of a material fact.

Item 3 is amended to read as follows:

Neither we nor any person identified in Item 2 above have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against us alleging a violation of any franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither we nor any person identified in Item 2 above have been convicted of a felony or pleaded *nolo contendere* to any felony charge or during the 10 year period immediately preceding the date of this disclosure document, been convicted of or pleaded *nolo contendere* to a misdemeanor charge been held liable in any other civil action by final judgment or been the subject of any other material complaint or other legal proceeding where such felony, misdemeanor civil action, complaint or other legal proceeding involved violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither we nor any person identified in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of 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 by 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.

Item 4 is amended to read as follows:

During the 10 year period immediately preceding the date of the disclosure document neither we nor any predecessor, affiliate, current officer or general partner of us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one (1) year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding

Item 5 is amended by adding the following: We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for Your initial training, for general overhead and for profit.

Item 12 is amended by adding the following: Although we will consider many factors in determining the boundaries of Your Marketing Area, it will contain a population of not less than 65,000 households.

Item 17 is amended to include the following:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Item 17 D is amended by adding the following: You may terminate the agreement on any grounds available by law.

Item 17 J is amended by adding the following: We will only assign to an assignee who in our good faith judgment is willing and able to assume our obligations.

## ILLINOIS

Disclosure Document:

1. The following language is added to the Risk Factors on the cover page of the Disclosure Document:

**THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND IN THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHTS CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.**

2. Item 5 of the Franchise Disclosure Document is revised to include the following:

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

3. Item 17 of the Disclosure Document is amended to include the following:

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois. In addition, Illinois law will govern the Franchise Agreement.

Conditions under which franchisor can be terminated and rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

Item 23 of the Disclosure Document is amended to provide for the franchisee with a 14 day pre-sale disclosure period instead of the 10 day pre-sale disclosure period referenced on the receipt page.

Under Illinois law, any provision that purports to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act ("Act") or any other law of Illinois is void. However, this provision will not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to Title 9 of the United States Code.

4. Franchise Agreement:

Article 2 of the Agreement is amended to state:

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This

financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Article 18.09 of the Agreement is amended to state:

The Agreement takes effect upon its acceptance and execution by us. This Agreement shall be interpreted under the laws of the State of Illinois except to the extent governed by the United States Trademark Act of 1946 (Latham Act, 15 U.S.C. Section 1051 et seq.).

Article 18 of the Agreement is amended to state:

The parties agree that any action brought by either party against the other shall be brought in the State of Illinois.

Under Illinois law, any provision that purports to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act ("Act") or any other law of Illinois is void. However, this provision will not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to Title 9 of the United States Code.

Each provision of this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

**SHINE DEVELOPMENT, INC.**

**FRANCHISEE:**

By: \_\_\_\_\_  
Christopher Fisher, President

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

**EXHIBIT G**

**ACH/EFT TRANSFER AGREEMENT**



**AUTHORIZATION TO HONOR CHECKS AND DEBITS BY AND PAYABLE TO THE FOLLOWING PAYEE(S):**

The undersigned depositor (“Franchisee” or “Payor”) hereby authorizes SHINE DEVELOPMENT INC. (“Franchisor” or “Payee”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the bank designated below (“Bank”) to debit or credit such account(s) pursuant to Franchisor’s instructions.

Name of Person or Legal Entity of Franchisee: \_\_\_\_\_  
ID Number: \_\_\_\_\_  
Bank: \_\_\_\_\_  
Branch: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_  
Bank Transit/ABA Number: \_\_\_\_\_  
Account Number: \_\_\_\_\_

This authority is to remain in full force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

**FRANCHISEE/PAYOR:**

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

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

**INDEMNIFICATION AGREEMENT**

To the above named Payee and the Bank designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.
2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
3. To defend at Payor’s cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank’s or Payee’s participation therein.

**BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED**

## EXHIBIT H

### SMALL BUSINESS ADMINISTRATION ADDENDUM

SOP 50-10 5(j)

Appendix 9



### ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

#### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

#### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Effective Date: January 1, 2018

1

renewals) for fair market value.

## COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

## EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

### **Authorized Representative of FRANCHISOR:**

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

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

Title:

### **Authorized Representative of FRANCHISEE:**

By:

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

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

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018

2

**EXHIBIT I**

**STATEMENT OF PROSPECTIVE FRANCHISEES**

As you know, SHINE DEVELOPMENT INC., and you are preparing to enter into a Franchise Agreement for the operation of a Shine Window Care® and Shine Holiday Lighting® franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that SHINE DEVELOPMENT INC. has not authorized or that may be untrue, inaccurate or misleading. Its purpose is also to be certain that you understand the limitations on claims that may be made by you by reason of the purchase and operation of your franchise. The questionnaire cannot be signed and dated the same day as the Acknowledgment of Receipt of the Franchise Disclosure Document (FDD), but must be signed and dated the same day you remit your franchise fee. Please review each of the following questions carefully and provide honest responses to each question. If you answer "NO" to any of the questions below, please explain your answer on the back of this sheet. For each question, please initial beside "Yes," or "No," as appropriate.

A. Representations and Other Matters

**Please  
respond  
Yes or No**

- \_\_\_\_\_ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
- \_\_\_\_\_ 2. Have you received and personally reviewed the SHINE DEVELOPMENT INC., Franchise Disclosure Document ("Disclosure Document") we provided you?
- \_\_\_\_\_ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- \_\_\_\_\_ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement?
- \_\_\_\_\_ 5. A) Have you reviewed the Disclosure Document and Franchise Agreement with an attorney, accountant or other professional advisor?  
B) Have you discussed the benefits and risks of operating a Shine franchise with your professional advisor?  
C) Did you discuss the benefits and risks of operating a Shine franchise with an existing Shine franchisee?  
D) Do you understand the risks of operating a Shine franchise?
- \_\_\_\_\_ E) Do you understand that the Franchise Agreement contains venue provisions requiring, unless your state law prohibits, any disputes to be resolved in Texas courts and an arbitration provision that requires disagreements to be arbitrated outside of the traditional judicial process?
- \_\_\_\_\_ 6. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the market place?
- \_\_\_\_\_ 7. Is it true that no employee or other person speaking on behalf of SHINE DEVELOPMENT INC., made any statement or promise regarding the costs involved in operating a Shine franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

**Please  
respond  
Yes or No**

- \_\_\_\_\_
8. Is it true that no employee or other person speaking on behalf of SHINE DEVELOPMENT INC., made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Shine franchise will generate that is not contained in the Disclosure Document or that is contrary to or different from the information contained in the Disclosure Document?
- \_\_\_\_\_
9. Is it true that no employee or other person speaking on behalf of SHINE DEVELOPMENT INC., made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- \_\_\_\_\_
7. Is it true that you did not receive any marketing or other written materials with information that is contrary to, or different from, the information contained in the Disclosure Document?
- \_\_\_\_\_
8. Do you understand that SHINE DEVELOPMENT INC. receives compensation from vendors as outlined in Item 8 of the FDD and as a franchisee I have no right to any of this compensation? Do you understand the only compensation due to me is the compensation contracted for in the franchise agreement?
- \_\_\_\_\_
9. Do you understand that the approval of SHINE DEVELOPMENT INC. of the site for a Shine Franchised Business does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a Franchised Business operated at the site?
- \_\_\_\_\_
10. Do you understand that the Agreements and Disclosure Document contain the entire agreement between you and us concerning the franchise for the Franchised Business, meaning that any prior oral or written statements not set out in the Agreements or Disclosure Document will not be binding?
- \_\_\_\_\_
11. Do you understand that the success or failure of your Shine Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the Shine trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change?
- \_\_\_\_\_
12. Do you understand that any training, support, guidance or tools SHINE DEVELOPMENT INC. provides to you as part of the franchise are for the purpose of protecting the Shine brand and trademarks and to assist you in the operation of your Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages, training, supervision and termination of your employees and all other employment and employee related matters?
- \_\_\_\_\_

You are directed to Exhibit F of the Franchise Disclosure Document for information that may affect this questionnaire in your state.

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

The undersigned acknowledges and agrees that SHINE DEVELOPMENT INC. does not make or endorse, nor does it allow any representative or other individual to make or endorse, any oral,

written, visual, or other claim or representation that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a Shine Window Care® and Shine Holiday Lighting® franchise other than those contained in Item 19 of the Franchise Disclosure Document.

In addition, SHINE DEVELOPMENT INC. does not permit any promises, agreements, contracts, commitments, representations, understandings, options, rights-of-first-refusal, or otherwise, or changes in the Franchise Agreement, except by means of a written Addendum signed by all parties to the Franchise Agreement.

Each undersigned understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (please print)

Approved:  
SHINE DEVELOPMENT INC.

By: \_\_\_\_\_  
Christopher Fisher, President

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF ILLINOIS AND FRANCHISED BUSINESSES LOCATED IN ILLINOIS: Statements A.1, A.2, and A.3, and the next-to-last full paragraph, do not apply to you.

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: None of the above representations are intended to nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXPLANATION OF ANY NEGATIVE RESPONSES (please refer to applicable question #) ARE AS FOLLOWS:

**EXHIBIT J**

**RECEIPT**

This disclosure document summarized certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

**If Shine Development Inc. offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale or, if you live in New York, or Rhode Island, at the earlier of the first personal face-to-face meeting or 10 days before you sign, or sooner if required by applicable state law. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or the payment of any consideration that relates to the franchise relationship.**

If Shine Development 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed on Exhibit E.

The name, principal business address and telephone number of the franchise seller offering the franchise:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Christopher Fisher</u>	<u>Lee DeJonge</u>	<u>R. Todd Bingham</u>	
<u>1017 Ranch Rd. 620 S</u>	<u>1017 Ranch Rd. 620 S</u>	<u>1017 Ranch Rd. 620 S</u>	
<u>Ste. 101</u>	<u>Ste. 101</u>	<u>Ste. 101</u>	
<u>Lakeway, TX 78734</u>	<u>Lakeway, TX 78734</u>	<u>Lakeway, TX 78734</u>	
<u>800-513-1794</u>	<u>800-513-1794</u>	<u>800-513-1794</u>	

The Issuance Date of this Franchise Disclosure Document is April 26, 2019, as amended July 23, 2019.

See Exhibit E for our registered agent authorized to receive service of process.

I have received a disclosure document dated April 26, 2019, as amended July 23, 2019 that including the following:

Exhibit A - Financial Statements; Exhibit B Franchise Agreement, with: Addendum A Franchise Rider, Addendum B Personal Guaranty, Addendum C Internet, Social Media, and Telephone Assignment, Addendum D Nondisclosure and Noncompetition Agreement, Addendum E Sample Mutual Termination of Franchise Agreement and Release, Exhibit C List of Current and Former Franchisees List of Franchisees, Exhibit D Operations Manual, Exhibit E List of State Administrators and Agents for Service of Process, Exhibit F State Specific Information, Exhibit G ACH/EFT Transfer Agreement, Exhibit H Small Business Administration Addendum, Exhibit I Statement of Prospective Franchisees, Exhibit J Receipt

DATED: \_\_\_\_\_  
Prospective Franchisee

Individually and as an officer, partner, member or manager of \_\_\_\_\_, a \_\_\_\_\_ organized under the laws of \_\_\_\_\_.

You may return one copy of this receipt either by signing, dating and mailing it to Shine Development Inc., 1017 Ranch Road 620 South, Suite 101, Lakeway, TX 78734, telephone 800-513-1794.

RECEIPT

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The name, principal business address and telephone number of the franchise seller offering the franchise:

Table with 4 columns: checkbox, name, address, phone number. Rows include Christopher Fisher, Lee DeJonge, and R. Todd Bingham.

The Issuance Date of this Franchise Disclosure Document is April 26, 2019, as amended July 23, 2019.

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DATED: \_\_\_\_\_ Prospective Franchisee

Individually and as an officer, partner, member or manager of \_\_\_\_\_, a \_\_\_\_\_ organized under the laws of \_\_\_\_\_.

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