

## FRANCHISE DISCLOSURE DOCUMENT



Door Renew International, LLC  
A Delaware Limited Liability Company  
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We offer qualified individuals and entities the opportunity to operate a franchise that provides commercial and residential door refinishing and restoration services under the mark Door Renew® (each a “Franchised Business”). Door Renew Franchised Businesses provide a professional restoration alternative to replacement.

The total investment necessary to begin operation of a Door Renew Franchised Business is \$143,585 to \$204,885. This includes \$91,285 to \$98,285 that must be paid to the franchisor and its affiliate(s).

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Shinabarger at [michael@phoenixfranchisebrands.com](mailto:michael@phoenixfranchisebrands.com), 19500 Victor Parkway, Livonia, MI 48152, 734-237-9730.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 30, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in Delaware than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Supplier Control.** You must make inventory and supply purchases, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

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## **ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

### The Franchisor

To simplify the language in this disclosure document, “Door Renew International, LLC,” “Door Renew,” “we,” or “us” means Door Renew International, LLC, the franchisor. “You” means the business entity that buys the franchise and includes each partner, shareholder, member, or another owner of that entity. We are a Delaware Limited Liability Company formed in June 24, 2021. Our principal office is located at 19500 Victor Parkway, Livonia, MI 48152. Our agents for service of process are listed in EXHIBIT C. We do business under the name Door Renew and, we and our affiliates, as well as other franchisors with overlapping minority ownership interests are marketed under Phoenix Franchise Brands. We do not conduct business in any other line of business, and we do not offer franchises in any other line of business.

We have offered Door Renew franchises since 2022. We have not offered franchises in any other line of business.

### Predecessors, Parents, and Affiliates

Our predecessor is American Franchise Group, LLC (“AFG”), an Ohio limited liability company with an address at 10830 Surfwood Lane, Cincinnati, Ohio 45241 formed on January 1, 2014. AFG offered Door Renew franchises from August 2014 until July 2021. In July of 2021, we acquired the assets of AFG, including all existing franchise agreements. Our predecessor does not conduct a business similar to the franchise being offered under this Disclosure Document, does not offer franchises in any line of business and does not provide any goods or services to Door Renew franchisees.

Our corporate parent is Phoenix Franchise Brands, LLC (“Phoenix”), a Delaware limited liability company formed on June 17, 2022, with a principal address of 19500 Victor Parkway, Livonia, Michigan. Phoenix does not now and has never in the past offered franchises in any line of business and has not in the past and do not now engage in other lines of business, but the ownership listed herein. Our parent does not provide any goods or services to Door Renew franchisees.

Our affiliate, Fetch! Pet Care, Inc. is a California corporation formed on November 4, 2002 with a principal address of 19500 Victor Parkway, Livonia, Michigan, which offers professional pet sitting, dog walking and home care services to customers and has done so since 2002. On March 4, 2020, Longe Acquisitions LLC, an entity controlled by our CEO Gregory Longe, acquired a majority interest in Fetch! Pet Care, Inc. As of December 31, 2024, there were 126 Fetch! Pet Care franchises. Fetch! Pet Care, Inc. does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Door Renew franchisees.

Our affiliate, Furry Cuts! Petmobile International, LLC is a Delaware Limited Liability Company with a principal address of 19500 Victor Parkway, Livonia, Michigan, which offers franchises that provide pet owners with dog and cat grooming services at customer locations under the name Furry Land, and done so since February 2022. As of December 31, 2024, there were 71 Furry Land franchises. Furry Cuts! Petmobile International, LLC does not conduct any other business, does

not offer franchises in any other line of business and does not provide any goods or services to Door Renew franchisees.

Our affiliate, Spray Foam Genie International, LLC is Delaware Limited Liability Company with a principal business address of 19500 Victor Parkway, Livonia Michigan 48152, which offers franchises that provide residential and commercial spray foam insulation services, including crawl space encapsulation, new construction and retro attic insulation, open & closed cell foam, slow rise foam injection, and concrete lifting/leveling and has done so since October 2022. As of December 31, 2024, there are 44 Spray Foam Genie outlets. Spray Foam Genie International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Door Renew franchisees.

Our affiliate, Steel Coated Floors, LLC is a Delaware Limited Liability Company formed on May 2, 2024 and our principal office is located at 19500 Victor Parkway, Livonia, MI 48152, which offers franchises that provide proprietary epoxy flooring product and services, primarily for residential garages but also for industrial and commercial garages, with a lifetime guarantee, and other products or services, and has done so since 2018. On August 22, 2024, Phoenix acquired a majority interest in Steel Coated Floors, LLC. As of December 31, 2024, there were 8 Steel Coated Floors, LLC franchises. Steel Coated Floors, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Door Renew franchisees.

Our affiliate, medspa810 Global, LLC is a Delaware Limited Liability Company with its principal office located at 19500 Victor Parkway, Livonia, MI 48152, which offers franchises that provide best in class aesthetic medical services and products. In May 2024, Phoenix acquired a majority interest in medspa810 Global, LLC. As of December 31, 2024, there were 4 medspa810 Global, LLC franchises. Medspa810 Global, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Door Renew franchisees.

Our affiliate, Worried Bird International, LLC is a Delaware Limited Liability Company with its principal office located at 19500 Victor Parkway, Livonia, MI 48152, which offers franchises that provide commercial window cleaning, windows and door screen repair, power washing, rain gutter cleaning, window restoration and seasonal holiday lighting, and has done so since December 2024. As of December 31, 2024, there were 5 Worried Bird International, LLC franchises. Worried Bird International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Door Renew franchisees.

### The Franchise Offered

We offer franchises for the operation of Franchised Businesses that offer residential and commercial restoration work of doors, buildings, homes, and other services that we may add from time to time. Door Renew Franchised Businesses provide a professional restoration alternative to replacement. Using techniques adapted from the wooden boat industry and not commonly used by painters, carpenters, and handymen, Door Renew Franchised Businesses are able to restore doors and other items at a fraction of replacement costs. We offer the franchises under the form of the franchise agreement attached to this Disclosure Document as Exhibit A (the “Franchise Agreement”).

As a Door Renew franchisee, you will use specialized business formats and systems, called the “System,” which we may modify, supplement, and update. You will use certain service or trademarks and other commercial symbols referring to the Door Renew brand, products, and services, which we call the “Marks.” Door Renew Franchised Businesses must provide all and only Door Renew products and services unless we consent in writing.

You will operate from an approved location (the “Approved Location”) that must be located in the geographical region wherein you are awarded the right to operate the Franchised Business and provide the Approved Services and Approved Products to new and existing clientele (your “Territory”). Each Door Renew Franchised Business utilizes a minimum of one vehicle. Depending on the population of your Territory, you will be required to add additional vehicles in accordance with a Development Schedule.

#### General Description of the Market and Competition.

The restoration and door replacement industry are developed with limited niche competition from national hardware and door replacement brand and local general contractor or handymen. The restoration and door replacement industry are not seasonal, although demand is stronger in non-winter months.

#### Industry-Specific Regulations.

In addition to laws governing business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, your Door Renew Franchised Business will be subject to and have to comply with waste disposal statutes and regulations.

Certain states may restrict the ability to operate this business from your home. You should investigate your state and local laws prior to signing a Franchise Agreement.

There may also be state and local statutes, regulations, laws, licensure requirements, and ordinances specific to your state or local area. It is your responsibility to investigate and comply with all laws affecting your Franchised Business.

## ITEM 2. BUSINESS EXPERIENCE

### **Gregory A. Longe – Chief Executive Officer of Phoenix Franchise Brands**

Mr. Longe is Chief Executive Officer of Phoenix Franchise Brands and has served in that position since December 2024. Previously, Mr. Longe served as our Chief Executive Officer from July 2021 until December 2024. Mr. Longe also served as the Chief Executive Officer of our affiliates, Fetch! Pet Care, Inc. from March 2020 until December 2024, and Furry Cuts! Petmobile International, LLC from March 30, 2021 until December 2024. He has also served as the Chief Strategy Officer of our affiliate, Spray Foam Genie International, LLC, from February 2022 until December 2024. Mr. Longe also served as the Chief Executive Officer and President of medspa810 from November 2019 until December 2024 and Door Renew Managed Services LLC from January 2022 until December 2024. Mr. Longe serves in his current roles from Livonia, Michigan.

### **Maria Longe – President of Phoenix Franchise Brands**

Ms. Longe has served as President of Phoenix Franchise Brands since December 2024. Previously, Ms. Longe served as our President since July 2021. Ms. Longe has also served as the President of our affiliates Fetch! Pet Care, Inc. from March 2020 until December 2024, and Furry Cuts! Petmobile International, LLC from March 30, 2021 until December 2024. Ms. Longe is also the Vice President of Operations for medspa810, located in Princeton, New Jersey, since January 2020. Ms. Longe serves in her current role from Livonia, Michigan.

### **Kevin Longe – Chief Executive Officer of Home Services for Phoenix Franchise Brands**

Mr. Longe has served as the Chief Executive Officer of Home Services for Phoenix Franchise Brands since December 2024. From June 2022 until December 2024, Mr. Longe served as our Executive Vice President. Mr. Longe previously served as the CEO of our affiliate, Spray Foam Genie International, LLC of Livonia, Michigan from February 2022 until December 2024. Mr. Longe previously served as the CEO of our affiliate, Steel Coated Floors, LLC, of Livonia, Michigan from May 2024 until December 2024. Mr. Longe is also a member of the Board of Directors of Phoenix Franchise Brands, LLC, a position he has held since 2022. Mr. Longe was previously the Chief Revenue officer of VCM, LLC from 2020 through February 2022. Prior to that he served as a Regional Sales Manager at ILC Dover of Denver, Colorado from January 2018 to January 2022. Mr. Longe serves in his current role from Livonia, Michigan.

### **Zachary Taha, CPA, CMA, CFE – Chief Financial Officer**

Mr. Taha has served as our Chief Financial Officer since April 2024. From October 2022 until April 2024, Mr. Zaha was the audit manager for Cherry Bekaert, an accounting firm in Raleigh, NC. From September 2021 until March 2022, Mr. Zaha was the Controller/CFO for Mission Point Healthcare Services. Mr. Zaha was employed by UHY, LLP, Certified Public Accountants from January 2020 until September 2021 as a senior auditor. Mr. Taha serves in his current role from Livonia, Michigan.

### **Adam Grondin – Vice President of Franchise Success**

Mr. Grondin has served as our Vice President of Franchise Success since June 2024. Mr. Grondin previously served as the Vice President of Operations of our affiliate, Furry Land, from January 2022 to June 2024. Mr. Grondin served as our Business Development Manager from

May 2021 until January 2022. From June 2018 until May 2021, he served as a Senior Franchise Business Consultant of Regis Corporation of Minneapolis, Minnesota. Mr. Grondin serves in his current role from Livonia, Michigan.

**Michael Shinabarger – Vice President of Franchise Administration**

Mr. Shinabarger has served as our Vice President of Franchise Administration since October of 2021. Previously, he was Director of Franchise Administration from July 2021 to October 2021. Mr. Shinabarger is also Vice President of Franchise Administration for our affiliate, Fetch! Pet Care, Inc. and has been since October of 2021. He was Director of Franchise Administration for Fetch! Pet Care, Inc. from March of 2020 to October 2021. Mr. Shinabarger is also Director of Franchise Administration of our affiliate, Furry Cuts! Petmobile International, LLC, and has been since August 2021. Mr. Shinabarger serves in his current role from Livonia, Michigan.

**Steven McEntire – Vice President of Operations**

Mr. McEntire has served as our Vice President of Operations since March 2022. Mr. McEntire has also served as Vice President of Operations for our affiliate Fetch! Pet Care since March 2022. Prior to that Mr. McEntire was our Director of Business Development from October 2021 until March 2022, and our Business Development Manager from July 2021 until October 2021. Prior to that, he worked as Outside Sales Manager for Holbrook Auto Parts from August 2020 until October 2021 in Farmington Heights, Michigan. From November 2018 to April 2020, Mr. McEntire was an Account Manager for Flex N Gate in Allen Park, Michigan. Previously, Mr. McEntire was Director of Business Development of our affiliate, Furry Cuts! from October 2021 until March 2022 in Livonia, Michigan. Mr. McEntire serves in his current role from Livonia, Michigan.

**Cameron Carson – Co-Director of Franchise Development**

Mr. Carson joined Door Renew as Co-Director of Franchise Development in January 2025. Mr. Carson was previously the Managing Member and our Chief Executive Officer at Worried Bird Franchising, LLC in New Port Richey, Florida, from May 27, 2022 until November 2024. Since June 2013, he has owned and operated WorriedBird Window Washing, LLC, an affiliate of Worried Bird International, LLC, in American Fork, Utah. He also worked as a digital sales representative for Workfront, Inc. in Lehi, Utah from April 2019 to April 2020. Mr. Carson serves in his current roles from Livonia, Michigan.

**Eric Redden – Co-Director of Franchise Development**

Mr. Redden has served as Co-Director of Franchise Development at Door Renew since January 2025. Mr. Redden was previously the Owner and Director of Franchise Development at Hypergrowth Franchising, LLC in Charlotte, NC from June 2023 to December 2024. Prior to that, he held various roles at United Franchise Group in Charlotte, NC, including Brand Development Manager, Regional Vice President, and Regional Manager, from February 2018 to May 2023. Mr. Redden serves in his current role from Livonia, Michigan.

### ITEM 3. LITIGATION

#### Prior Actions

OH Endeavors Corporation v. Door Renew International, LLC and Longe Home Services Acquisitions, LLC, (Third Judicial Circuit, County of Wayne, State of Michigan, Case No. 24-012137). Door Renew entered into an agreement with a former franchisee to repurchase a franchise. As the franchisee failed to pay certain royalties or rent payments due Door Renew, Door Renew sought to offset the amounts due; however, the former franchisee disagreed and filed suit under the note, which contained a confession of judgment provision. A default judgment was entered against Door Renew in the amount of \$151,525.00 on September 9, 2024. Door Renew and the former franchisee have entered into a settlement and the matter will be fully satisfied and resolved in May 2025.

#### Disclosures Regarding Officers and Affiliated Programs

Our affiliate, Spray Foam Genie International, LLC, Kevin Longe, Gregory Longe, and Maria Longe have each been named as a party in the following arbitration proceeding listed below. The arbitration does not have any impact on us or our brand, and does not allege any wrongful conduct by us.

Jamil v. Spray Foam Genie International, LLC, et al. (Case No. 01-24-0006-5354). On July 18, 2024, Franchisees Tim Jamil, Lisa Jamil, and TL Jamil, LLC (“Jamil”) submitted a Demand for Arbitration to AAA against Spray Foam Genie International, LLC, Kevin Longe, Gregory A. Longe, Spray Foam Genie Managed Services LLC, Rhino 7 Consulting Co. d/b/a Rhino7 Franchise Development Company, Inc, Phoenix Franchise Consulting LLC d/b/a Phoenix Franchise Brands, and Maria Longe alleging breach of contract, violations of the Michigan Franchise Investment Law for misrepresentation of the total investment cost and financial performance, conversion of brand development and advertising funds, and fraud and/or misrepresentation about the financial performance of the franchises. Jamil has sought damages greater than \$1,000,000. The matter remains pending. All defendants except SFG were dismissed from the action by the arbitrator. SFG has denied all claims and is actively defending this matter.

Our affiliate, Fetch! Pet Care, Inc., and Greg Longe have been named as defendants in the action listed below. The litigation does not have any impact on us or our brand, and does not allege any unlawful conduct by us.

Independent Association of Fetch Pet Care Franchisees v. Fetch! Pet Care, Inc., Greg Longe (Superior Court of California, County of Marin, Case No. CV0003334, 2024) On July 5, 2024, an independent association of franchisees filed suit for alleged violations of franchisees' right to associate under California Franchise Investment Law. The matter remains pending. The defendants have denied all claims and are actively defending the matter.

Our affiliate, Fetch! Pet Care, Inc., has been named as a defendant in the proceeding listed below. The proceeding does not have any impact on us or our brand and does not allege any unlawful conduct by us.

Billings, et al. v. Fetch! Care, Inc., Fetch! Managed Services, LLC, and DOES 1-50 (AAA Arbitration, Case No. 01-24-0008-2566, 2024). On October 11, 2024, forty-nine (49) current and former Fetch! franchisees (“Claimants”) filed an arbitration demand against Fetch!, Fetch! Manages Services, and DOES 1-50. The Claimants are listed below by their individual names and entity names (if applicable). The Claimants allege violations of the Michigan Franchise Investment Law, common law fraud, breach of contract, common law conversion, and breach of the covenant of good faith and fair dealing. Claimants are seeking rescissions of their franchise agreements and undetermined monetary damages. Defendants deny all claims and on April 15, 2025 filed a response seeking dismissal of the group arbitration demand based on claimants’ failure to satisfy the substantive and procedural requirements for mass arbitration and/or class certification.

Our affiliate Fetch! Pet Care, Inc. resolved the following governmental actions brought against it with settlements that involved them becoming subject to currently effective injunctive or restrictive orders or decrees. These actions arose from matters controlled by Fetch! Pet Care, Inc.’s former owners and haven’t had any impact on us or our brand and do not allege any unlawful conduct by us or our current ownership group.

1. State of Maryland vs. Fetch! Pet Care, Inc. and Paul Mann (Case No. 2009-0477). On January 4, 2010, in accordance with Sections 14-214, 14-216, 14-223, and 14-231 of the Maryland Franchise Law, the Maryland Attorney General required Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann to sign a Consent Order (the “Order”) for violations of those sections in that Fetch! sold a franchise prior to its initial registration becoming effective and sold three (3) others after the renewal registration expired. The Order required Fetch! to offer rescission to the franchisees who bought the franchise during the unregistered periods. Two (2) franchisees accepted rescission and two (2) franchisees deferred their decision. The Order also provides that if Fetch! violates the Order, the Maryland Division of Securities may bring administrative or judicial proceedings against Fetch! for enforcement of the Order. On May 20, 2010, the Order was amended to include three (3) additional unregistered franchise sales. Fetch! offered rescission to the three (3) additional individuals who purchased unregistered franchises in Maryland and all three (3) have accepted rescission.

2. On April 14, 2010, the California Department of Corporations (“DOC”) approved a Notice of Violation under the California Corporations Code, Section 31303, against Fetch! Pet Care, Inc. (“Fetch!”). The Notice was issued because Fetch! violated the California Franchise Investment Law (“FIL”) by offering and selling 35 franchises to 31 individuals after its registration lapsed in April 2006 under the FIL. As of July 1, 2010, Fetch! offered rescission to the individuals who purchased unregistered franchises in California, 17 individuals accepted the offer and 14 individuals rejected the offer. Fetch! was also required to pay an administrative fee of \$675 to the DOC.

3. State of Illinois v. Fetch! Pet Care, Inc. and Paul Mann, (Seventh Judicial Circuit Court, Sangamon County, Illinois). On April 5, 2011, a Consent Judgment was entered into between the State of Illinois, Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann relating to violations of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 et seq. During the period between February 3, 2008 and the date of the Consent Judgment, Fetch! sold four (4) franchises in Illinois without its disclosure document being registered in the State of Illinois. Fetch! offered rescission

to each of these franchisees. Two (2) of the franchisees accepted rescission, and two (2) refused rescission. Fetch! also paid the State of Illinois a penalty of \$10,000 in five (5) installments.

4. State of Rhode Island v. Fetch! Pet Care, Inc. On January 28, 2011, a Consent Order was entered into between the State of Rhode Island and Providence Plantations and Fetch! Pet Care, Inc. (“Fetch!”) relating to violations of the Rhode Island Franchise Investment Act, Section 19-28.1, et seq. On February 8, 2007, Fetch! sold one (1) franchise to a Rhode Island resident without its disclosure document being registered in the State of Rhode Island. Fetch! offered rescission to this franchisee and the franchisee accepted rescission with a total settlement of \$35,000. Fetch! also paid the State of Rhode Island a penalty of \$2,500.

5. Commonwealth of Virginia, ex rel. vs. Fetch! Pet Care, Inc. and Paul Mann (Case No. SEC-2011-00013). On June 15, 2011, in accordance with Section 13.1-560 of the Virginia Retail Franchising Act (“Act”), Section 13.1-557 et seq. of the Code of Virginia, Section 13.1-563 (2) of the Act and Section 13.1-563 (4) of the Act, the State Corporation Commission (“Commission”) required Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann to sign a Consent Order for violations of those sections in that Fetch! sold seven (7) franchises prior to registering its disclosure document and did not provide prospective franchisees with such disclosure documents. The Order required Fetch! to offer rescission to the franchisees who bought the franchise. Fetch! was also required to pay \$2,000 in monetary penalties and \$5,700 for the cost of the investigation. Fetch! offered rescission to each of these franchisees. Four (4) of the franchisees accepted rescission, and three (3) refused rescission.

6. In the Matter of Fetch! Pet Care, Inc. (Hawaii Department of Commerce and Consumer Affairs, Case Number SEU-2010-015), Consent Agreement. In September 2010, Fetch! Pet Care, Inc. (“Fetch!”) entered into a Consent Agreement with the Director of Commerce and Consumer Affairs, State of Hawaii. The Consent Agreement provides that the Hawaii Securities Enforcement Branch determined that Fetch! had, without registration, offered and sold franchises to be operated in Hawaii. Fetch! agreed to pay a \$10,000 civil penalty and to fully comply with all requirements of the Hawaii Investment law.

#### Litigation Against Franchisees

Our affiliate, Fetch Pet Care, Inc. has initiated three suits against franchisees as follows:

#### Suits to Enforce Covenant-Not-To-Compete

1. Fetch! Pet Care, Inc. v. Pam Axelson, Happy Tails Pet Sitting, Inc., and Talon Brown (W.D.N.C., No. 3:24-CV-1010, 2024), Filed November 19, 2024, pending.

#### Suits to Collect Royalty Payments

1. Fetch! Pet Care, Inc. v. Wang, (AAA, Case No. 01-24-0008-2566, 2024), Filed October 17, 2024, pending.

2. Fetch! Pet Care, Inc. v. Caerulean, LLC and Venetsanos, (AAA, Case No. 01-24-0008-2782, 2024), Filed October 18, 2024, pending.

No other litigation is required to be disclosed in this item.

#### ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this disclosure document.

#### ITEM 5. INITIAL FEES

##### Initial Franchise Fee

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$59,000 in full when you sign the Franchise Agreement for your protected territory. A minimum protected territory (“Territory”) is defined as a geographic area containing a population of about 400,000. The Initial Franchise Fee for additional units that are purchased at any time during the term of the Franchise Agreement is \$29,000 for the second unit and \$19,000 for the third unit. You must be in good standing to qualify to purchase additional units. The Initial Franchise Fee is uniformly charged for all franchises currently being offered. The Initial Franchise Fee is considered fully earned and is nonrefundable under any circumstances.

##### **Initial Inventory; Starter Kit**

Prior to opening, you must purchase from us an initial inventory of Door Renew approved chemicals. The cost is \$5,000 for a 55-gallon drum, plus an additional \$5,000 to \$7,000 for additional chemicals, stains and tools in our Starter Kit. We collect the payment from you for these initial inventory items and remit it directly to our designated vendor as a pass through and such amounts fully earned upon payment and non-refundable.

##### Proprietary Software

Prior to opening, you must purchase our DR Proprietary CRM Software (“DR Software”) which is our all-encompassing software that includes sales reporting, lead source reporting, invoicing, quoting, estimating, quote templates, contracts, and customer data sheets. You must pay us a one-time \$500 set-up fee for DR Software, plus an additional \$1785 representing your first three months of DR Software payments of \$595 per month.

The initial fees are not refundable under any circumstances. Except as explained and listed above, the Initial fees are uniformly calculated for all Franchised Businesses currently being offered.

#### ITEM 6. OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of: 7% of weekly Gross Revenues for the preceding week	Thursday of each week	Payment is by ACH or automatic virtual check debt. For purposes of calculating

Name of Fee	Amount	Due Date	Remarks
	<p>or the minimum payment.</p> <p>Minimums are as follows:</p> <ul style="list-style-type: none"> <li>- Year 1: \$175 per week;</li> <li>- Year 2: \$249 per week;</li> <li>- Year 3: \$415 per week.</li> <li>- Year 4 and beyond: \$524 per week.</li> </ul>		<p>the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. A late fee of \$100 per week plus interest at the rate of 1.5% per month or 18% per year on the unpaid balance will be charged on any payments not received by the due date. A fee of \$50 per occurrence will be charged on any ACH or automatic virtual check debits that are returned or refused for processing.</p>
Technology Fee	\$595 per month	First week of the month; recurring monthly	<p>This fee is for access to and use of certain technology, including the CRM Tools, LMS systems, and other training materials, as well as access to the local marketing library. The fee is subject to increase, should the cost to us increase, but shall not exceed an increase of 10%.</p>
Autosist Charge	\$100 per month.	Monthly	<p>This fee is for access to and use of the GPS and preventive maintenance software for equipment. It is required for all vehicles. The fee is subject to increase, should the cost to us increase, but shall not exceed an increase of 10%.</p>
Brand Development	1% of Gross Revenues for the preceding week, or \$50 per week in year	Thursday of each week	<p>Brand Fund Contributions are paid directly to the National Brand Development Fund.</p>

Name of Fee	Amount	Due Date	Remarks
Fund Contribution	1; and in year 2 and thereafter \$100 per week, whichever is greater.		This also helps to support the in-house marketing staff.
Local Advertising Requirement	A minimum of \$2,500 a month for the first vehicle operated by the Franchised Business, plus an additional \$1,000 a month for every vehicle added thereafter	As incurred	To our approved marketing vendor. This fee is for SEO costs, digital advertisements, social media marketing, etc. We require you to spend this amount within your Territory to promote your Franchised Business. It is encouraged in the beginning of your business to spend additional funds on grass roots marketing, local home shows, etc.
Administrative Fee	4% of Gross Revenue, with a minimum of \$120 per week.	Weekly	This includes accounting needs, tax filings, payroll facilitation, sales support, marketing support, dedicated operations, and support team.
Late Fees	\$100 per week	As incurred.	A late fee of \$100 per week must be paid on any payment to us that is not paid when due.
Interest	1.5% per week or 18% per annum	As incurred.	In addition to the Late Fee, we may charge you interest at the rate of 1.5% per month or 18% per year on the unpaid balance of any payment to us that is not paid when due. The interest accrues from the date the payment was due.

Name of Fee	Amount	Due Date	Remarks
Credit card processing fee	3.5% of total amount debited	Not specified.	Fee will apply if we debit your credit card for royalty or certain other fees.
Insurance	Amount of premium paid by Franchisor plus 20%	As incurred.	If you do not purchase insurance coverage as required, you must reimburse us this amount to secure insurance coverage.
Additional Training <sup>2</sup>	\$300 per day plus travel expenses and \$300 per day per additional, new, or replacement initial training attendees	Upon your registration for the program or meeting	For training beyond the initial training, you must pay the current training fee.
Transfer Fee	\$10,000	Prior to the transfer of a franchise	A transfer includes any sale, assignment, conveyance, giving away, pledging, mortgaging, or otherwise encumbering any interest in ownership in the Franchised Business or Franchise Agreement, assets outside of the normal course of business or ownership rights.
Renewal Franchise Fee	\$10,000	At least 6 months before the expiration of the franchise	In addition to paying this fee, other conditions must be met, as listed in the Franchise Agreement.
Interim Franchise Royalty Fees	Franchisor's then-current Royalty Fee plus 3.5%	Thursday of each week when applicable	An Interim Franchise Fee applies if your Franchise Agreement expires, no renewal franchise agreement is signed, and you continue to

Name of Fee	Amount	Due Date	Remarks
			operate the Franchised Business.
Relocation Fee	\$1,000	When applicable	If you relocate your franchise business, you must pay us this amount for the cost and expense we incur in connection with your relocation.
Step-In Right Expenses <sup>3</sup>	Amounts will vary	As incurred	15% of gross revenue. See footnote 3 for more information.
Audit	Amounts owing plus interest at prime (as stated in the Wall St. Journal) plus 3% per year plus the cost of the audit in some circumstances. The range of cost for the audit is from \$1,500 to \$4,500.	At the time of audit.	Audit shall be conducted upon our belief that your reported figures are not accurate. If the audit finds an understatement in any payment of 3% or more, franchisee shall pay the costs and expenses of the audit.
System Standard Violation	All costs of inspection and audit	Upon demand	If you fail to adhere to the System Standards, you must reimburse us for any, and all costs and expenses associated with counsel, inspection, support, assistance, enforcement rendered to and against Franchisee regarding said System Standards violation and/or non-compliance.
Sales Outside of Territory Fee	Up to 100% of any revenue generated from one client.	As set by us periodically. Currently: 10	Imposition of any fee is at our sole discretion.

Name of Fee	Amount	Due Date	Remarks
		days after notice from us	
Cost of Enforcement	Cost including attorney fees	Upon demand	You must reimburse us for all costs to enforce obligations under the Franchise Agreement if we prevail.
Indemnification <sup>4</sup>	Our actual cost, including attorney fees	Upon demand	You must defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business. Payable as incurred by us
Sales/Use Taxes <sup>5</sup>	will vary under the circumstances	Payable with your royalty fee or Brand Development Fund Contributions	You must pay any state or local sales or use tax that may be assessed on fees paid to us.
Annual Conference Fee	Then-current fee we determine to charge to System franchisees. Currently, we expect that this fee will be between \$1,000 and \$1,5000 (per attendee).	At least 30 days prior to Convention.	We may conduct an annual conference and/or convention for all System owners and operators, including System franchisees, and we may require that you and any Designated Manager you have in connection with your Franchised Business attend and participate in this annual event for a period of up to five (5) business days.
Post-Term Compliance	The amounts you will need to incur to de-identify and otherwise	As incurred post-term	Please see Item 17 and our current form of Franchise Agreement for additional

Name of Fee	Amount	Due Date	Remarks
	comply with post term obligations upon expiration or termination of your Franchise Agreement		information regarding these obligations.
Legal Fees and Expenses in Connection with Default(s)	Actual costs and expenses incurred	As incurred	You shall pay us for any costs and expenses we incur if you fail to pay amounts when due or if you fail to comply with the Franchise Agreement in any way. These costs and expenses include but are not limited to attorneys' fees.

Notes: All fees are nonrefundable and uniformly imposed on all new franchisees. Some franchisees under future versions of our franchise agreement may be obligated to pay more, less, or different fees than what is listed here.

1. The term “Gross Revenues,” as used in this Agreement, shall mean all sales and other income (recognized on an accrual basis), whether cash or credit or barter for exchange (regardless of the collection in the case of credit), arising from the operation of the Franchised Business, less (i) all refunds and discounts made to customers in good faith and in accordance with Franchisor’s policies, and (ii) any sales or excise taxes that are separately stated and that Franchisee may be required to and does collect from customers and pays to any federal, state, or local taxing authority.

2. We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training, including attendance at a national business meeting or annual convention, at a location we designate. We may impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor’s national business.

3. In the event of your death or disability, absence of a qualified manager, or other reasons, in our sole discretion, we may provide interim on-site management of your Franchised Business. In the event of your default of the Franchise Agreement or non-compliance with the Operating Manual, we may, in our sole discretion, exercise our right to temporarily operate your Franchised Business to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and Operating Manual. We will charge you a fee equal to 15% of the Gross Revenue generated by the Franchised Business during our operation thereof, in addition to all ongoing fees owed to us.

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

5. The royalties or other fees you pay to us may be entirely or partially subject to state or local sales or use tax, depending upon the laws in your state. If we are required to pay these taxes on your behalf in your state, you must add the tax to what you pay us.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Initial Franchise Fee <sup>1</sup>	\$59,000	\$59,000	Lump-sum via virtual check debt or Wire	Upon Signing the Franchise Agreement	Us
Initial Inventory; Starter Kit and Software <sup>5</sup>	\$12,285	\$14,285	Lump Sum	Before Opening	Approved Supplier (currently, us).
Leasehold Improvements	\$5,000	\$15,000	As incurred	Before Beginning Operations	Lessor or Contractors
Real Estate/Rent (Three Months) <sup>2</sup>	\$7,500	\$15,000	As incurred	Before Beginning Operations	Lessor
Utility Deposits <sup>3</sup>	\$1,000	\$1,500	As incurred	Before Beginning Operations	Utilities
Furniture, Fixtures Equipment <sup>4</sup>	\$2,500	\$4,000	As incurred	Before Beginning Operations	Suppliers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Vehicle and Upfit (three months) <sup>6</sup>	\$13,300	\$31,600	As Arranged	Before Beginning Operations	Auto Leasing Company
Insurance (three months of premiums) <sup>7</sup>	\$8,000	\$10,000	As incurred	Before Beginning Operations	Insurance Companies
Signage <sup>8</sup>	\$500	\$2,500	As incurred	Before Beginning Operations	Suppliers
Costs and Expenses Incurred in Connection with Initial Training Program <sup>9</sup>	\$1,500	\$6,500	As Arranged	As Incurred	Third-Party Providers
Computer Equipment (Hardware, Software, POS System, etc.) <sup>10</sup>	\$2,000	\$2,500	As incurred	Before Beginning Operations	Suppliers
Licenses & Permits, Professional Services <sup>11</sup>	\$1,000	\$3,000	As incurred	Before Beginning Operations	Licensing Authorities; Third-Party Professionals
Grand Opening Advertising and Initial and Ongoing Local Digital Marketing Fee (first three months) <sup>12</sup>	\$20,000	\$25,000	As required by supplier	As required by supplier	Vendors

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Additional Funds – three months <sup>13</sup>	\$10,000	\$15,000	As incurred	As Necessary	Approved Supplier; other third-party suppliers; possibly a lessor of third-party space; various other parties.
<b>TOTAL</b>	<b>\$143,585</b>	<b>\$204,885</b>			

Notes:

1. Initial Franchise Fee. The Initial Franchisee Fee is described more fully in Item 5 of this Disclosure Document.

2. The site for your Franchised Business is a shop and mobile vehicle. The shop is a approximately 1,500 square feet space equipped with water, electricity, and an adequate ventilation system. This amount assumes a monthly rent ranging between \$2,500 and \$5,000.

3. If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary on the local utilities. You should contact your local utilities for more information.

4. You must purchase fixtures, equipment, and supplies necessary to operate your Business from us, our affiliate, or an approved supplier. You will need to purchase a spray booth. The cost of fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors.

5. You must purchase general office supplies and inventory including stationery, business cards, materials, finishes, varnishes, and other typical office equipment and inventory. This also includes the initial inventory of chemicals at a cost of \$5,000 for a 55-gallon drum, plus a starter kit of

additional chemicals, stains and tools ranging between \$5,000 and \$7,000. Factors that may affect your cost of office equipment and supplies include market conditions, competition amongst suppliers and other factors. We do not know if the amounts you pay for inventory, office equipment and supplies are refundable. Factors determining whether inventory, office equipment and supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchase. The low end of our estimate assumes you already own a supply of office supplies and inventory. Our estimate is based on the costs incurred by existing franchisees.

6. You must lease or purchase a van with sufficient enclosed carrier area for tools and door transport approved by us. The range reflects leasing a vehicle. Generally, the vehicles are Mercedes Sprinters, and we estimate that the cost of the van ranges between \$60,000 and \$70,000, plus vehicle upfit the costs approximately \$9,000. The low range represents a down payment of \$10,000, plus a monthly payment of \$1,100, for a total of \$13,300 for the first three months of operation, and the high range assumes a down payment of \$25,000 plus a monthly payment of \$2,200, for a total of \$31,600 for the first three months of operation. The vehicles and upfit must be purchased from our approved vendors. The range listed above represents all upfront fees, down payments for the van and fully loaded upfit, and decals. Your down payment and financing rates will vary depending on your credit history and overall financial strength.

7. You must purchase insurance in the following amounts and coverage: (1) "all risk" property insurance coverage for assets of the franchised business; (2) workers' compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires; (3) comprehensive general liability insurance with a minimum liability coverage of \$500,000 per occurrence, or higher if your state law requires; (4) automobile liability insurance of at least \$500,000 or higher if your state law requires; and (5) insurance coverage for contractual indemnity. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

8. This range includes the cost of all signage used in your Business. The amounts you pay for signage are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchase. We must approve all signage before you order it.

9. Training Expenses. This estimate is for the cost for you plus 2 (two) to attend the initial training program held in Livonia, MI or other areas we deem appropriate. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include any wages or salary for you or your trainee(s) during training. The cost of initial training for you and your Franchised Business Designated Manager is included in the Initial Franchise Fee. This amount reflects your travel and stay expenses during the training period. You must pay us additional tuition for additional trainees beyond you and your designee at our then-current rate, which is currently \$300 per day per training, per person and \$300 per day plus travel expenses for onsite training.

10. You must purchase the computer equipment, hardware and software necessary for operating the franchise. We currently require you to have and use a computer with Windows 10, or greater, operating system; smartphone; printer and scanner; and fax is optional. The low end of

our estimate assumes that you already own a computer, smartphone, printer and scanner. We do not know if the amounts you pay for the computer equipment will be refundable. The amounts you pay for computer equipment are typically non-refundable, or if refundable, may be subject to a “restocking” fee. You should inquire about the return and refund policy of the suppliers at or before the time of purchase. You must use the POS system and CRM tool that we designate.

11. State and local government agencies typically charge fees for occupancy permits, operating licenses, health department licenses and construction permit. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your franchise. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

12. These amounts include the Grand Opening Advertising and Initial and Ongoing Local Digital Marketing Fee for the first three months. You must spend a minimum of \$20,000 on your Grand Opening Advertising to develop and implement an opening advertising campaign that you must implement prior to the initial launch of your Franchised Business through your first few weeks of operation (the “Grand Opening Advertising”). All promotional activities must be approved in advance by us. The amounts you spend for initial marketing and advertising are typically not refundable. Your Grand Opening Advertising includes an Initial Marketing Spend of \$3,000 per month for the first three months of operation (\$9,000 on your Initial Marketing Spend). The Initial Marketing Spend must also include a Marketing Kit containing the printed collateral used for the business such as business cards, door hangers, and yard signs. We encourage you to participate in local home shows and networking events as part of your Grand Opening Advertising to build the local brand in your community. You may choose to spend more. Factors that may affect your decision on the actual amount to spend include local media cost, the location of the Franchised Business, and customer demographics in the surrounding area. We may require you to direct some or all your grand opening advertising expenditures to marketing vendor(s) we designate (which may be us or our affiliates) who will implement grand opening campaign activities on your behalf.

13. We recommend that you have a minimum amount of money available to cover operating expenses, including additional inventory, supplies, professional fees, and employees’ salaries for the first 3 months that your Business is open. These are only estimates based on our affiliate’s experience in opening and operating a similar business. The predominant factors for calculating the 3-month estimate are amounts paid for employee wages and inventory. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

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

### Specifications

You must comply with our uniform specifications, standards, operating procedures, and rules for the development and operation of your Door Renew Franchised Businesses (collectively referred to as System Standards). System Standards are described in the Door Renew Operating Manual and otherwise communicated to you. The Door Renew System and Operating Manual are occasionally updated, supplemented, modified, and enhanced.

### Designated and Approved Products and Suppliers

You are required to purchase certain inventory, supplies and equipment from us, an affiliate or suppliers that we designate, including equipment, cleaning supplies, safety supplies, and any other products that we specify. Currently, you must purchase through us all chemicals and coatings necessary to operate the Franchised Business, as well as the Initial Inventory and the DR Software. You must use the services of our approved credit card processing vendor for any credit card transactions processed for the Franchised Business, as well as the services of our approved payroll and accounting vendor. In some instances, we may have only one approved vendor of certain services, and you will be required to use such vendor for its specified service.

For any product or service that we designate an approved supplier, you may not purchase these products and services from any other suppliers. We may designate new or different approved suppliers, including designating ourselves or one of our affiliates as an approved supplier of any goods or services. The criteria for designating approved suppliers include a supplier's ability to meet quality standards, availability, and consistency of the products or services. The criteria for designating and approving suppliers are not published and are not made available to franchisees. Franchisees may not contract with alternative suppliers for designated products or services.

To approve a supplier, we require a sample of the product(s), information regarding the product or service's quality standards, availability, terms and conditions of purchase, and other information as we may request. If desired, we may request a physical inspection of the supplier's place of business or manufacturing facility. Upon submission of samples and information required for approval, we will provide notification within 30 days of our approval or disapproval of a supplier. As a condition of approval, we require the reimbursement of any costs or expenses we incur in approving the supplier. We may revoke the approval of any supplier upon 30 days' written notice to franchisees. We estimate that assuming the estimated minimum initial costs to begin operations and other financial obligations are within the ranges described in Item 7 of this disclosure document, the proportion of your purchases and leases of goods and services from approved suppliers or of products that meet our specifications to be approximately 70% to 80% of all the purchases and leases in establishing your Door Renew Business and approximately 60% to 70% of your ongoing costs of operating your Door Renew Business.

We and/or our affiliates expect to receive revenue from franchisees purchases and leases from our designated or approved suppliers for chemical, coatings, marketing, software, financing and equipment.

In our most recently concluded fiscal year ending December 31, 2024, neither we nor our affiliates received any such revenue.

Door Renew has a formal, mandatory purchasing requirement for chemicals, coatings and equipment with our approved suppliers.

We do not provide a material benefit to franchisees based on a franchisee's purchases of particular products or services or the use of particular suppliers.

Once you have your Initial Inventory, we expect that you will purchase any additional inventory and the recurring inventory/supplies directly from our Approved Supplier (which, as of the Issuance Date, is a third party).

### Advertising and Promotional Materials

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Operations Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the twelve (12) months prior to the date of your proposed use.

### **Insurance**

You must obtain and provide us with evidence of insurance in at least the minimum amounts and with the coverage as follows: (1) "all risk" property insurance coverage for assets of the franchised business; (2) workers' compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires; (3) comprehensive general liability insurance with minimum liability coverage of \$500,000 per occurrence, or higher if your state law requires; (4) automobile liability insurance of at least \$500,000 or higher if your state law requires; and (5) insurance coverage for contractual indemnity. The Franchisee shall maintain Workers' Compensation, Unemployment Compensation, disability insurance, social security, and other similar types of insurance coverage in such amounts as may now or hereafter be required by any applicable law. Evidence of this insurance must be initially provided at least 10 days before you begin the operation of your Door Renew Franchise Business. You are required to submit an insurance certificate to our office on an annual basis. A certificate of renewal must be provided no later than 10 days before the expiration date of each policy. Each required policy of liability insurance must name us as an additional insured and must provide that we will be given at least 30 days' notice before cancellation, modification, or amendment of the policy. We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

The insurance will not be limited in any way because of any insurance we maintain. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in the franchise agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you. We may require

you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom. Your insurance policies must insure us, you, and our respective affiliates, subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of your Business.

### **The Site of the Franchise Business**

The site for your Franchised Business is a shop and mobile vehicle (“Site”). For leasehold Site improvements, we provide specifications for your real property space, and we provide branding specifications for your mobile vehicles. We currently don’t review the Site but reserve the right to do so.

### **Supplies, Fixture, Equipment, Inventory**

All the equipment, supplies, fixtures, inventory, products for your Franchised Business must comply with Door Renew Standards and specifications.

### **Computer System**

You must buy and use a computer with Windows 10 or greater operating system, smartphone, printer, and scanner. You may not install, or permit to be installed, any devices, software, or other programs not approved by us for use with the communication and information system.

Prior to opening, you must purchase are required software program from our designated vendor, which is our all-encompassing software that includes sales reporting, lead source reporting, waste management, inventory management, invoicing, quoting, estimating, quote templates, contracts, and customer data sheets.

We may, from time to time, develop or authorize others to develop proprietary software programs for use in the Door Renew System, which you may be required to purchase or license and use. You may be required to execute any license, sublicense, or maintenance agreement and pay any applicable fees, including maintenance, upgrade and support fees required by us or any other approved licensor or approved supplier of such proprietary software programs.

We and our affiliates reserve the right to derive revenue from the Required Purchases you make from us and our affiliates, as well as purchases made from our designated and approved suppliers.

## **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 under these agreements and in other items of this disclosure document.**

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
a. Site selection and acquisition/lease	Article IV	Items 6, 7 and 11
b. Pre-opening purchase/leases	Articles III, VI	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Article IV	Items 6, 7, and 11
d. Initial and ongoing training	Article V	Item 11
e. Opening	Section IV(B)	Item 11
f. Fees	Article III	Items 5 and 6
g. Compliance with standards and policies/operating manual	Article VI and Article XII(C),(E)	Item 11
h. Trademarks and proprietary information	Article XII	Items 13 and 14
i. Restrictions on products/services offered	Section VI(D)	Item 16
j. Warranty and customer service requirements	Section VII(G)	Item 11

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
k. Territorial development and sales quotas	Section VII(C)	Item 12
l. Ongoing product/service purchases	Article VI	Item 8
m. Maintenance, appearance, and remodeling requirements	Section VI(H)	Item 11
n. Insurance	Article XI(B)	Items 7 and 8
o. Advertising	Article XIV	Items 6 and 11
p. Indemnification	Article XX(B)	Item 6
q. Owner's participation/management/staffing	Section VIII	Items 11 and 15
r. Records and reports	Article X	Item 6
s. Inspections and audits	Section X(B)	Item 17
t. Transfer	Article XV	Item 17
u. Renewal	Section II(B)	Item 17
v. Post-termination obligations	Article XVII, XVIII(C)	Item 17

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
w. Non-competition covenants	Article XVIII	Item 17
x. Dispute resolution	Article XIX	Item 17
y. Other	Not Applicable	Not Applicable

#### **ITEM 10. FINANCING**

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

#### **ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

##### Pre-Opening Obligations

1. The site for your Door Renew Franchised Business is a shop and mobile vehicle (Site). We do not select the site for your Door to Renew Franchised Business. We may approve the Site, including your shop and each vehicle for your Franchised Business. (Section IV of the Franchise Agreement).
2. For your Site, we provide specifications for your real property space and we provide branding specifications for your mobile vehicle (Section IV of the Franchise Agreement).
3. We provide you with the standards, specifications, and a list of designated and approved suppliers for all equipment, signs, fixtures, opening inventory, supplies, products, and other materials you will need to operate the franchised business. We do not deliver or install equipment for your site. We do not have any affiliates, parents, or predecessors that provide products or services to our franchises. We do not currently provide any products or services to our franchisees but reserve the right to do so. (Section VI of the Franchise Agreement).
4. We provide a listing of all products and services that your Franchised Business may offer. (Franchise Agreement Article VI).
5. We provide final written approval prior to the opening of your Door Renew Franchised Business. (Section IV of the Franchise Agreement).

6. We provide three (3) days of onsite assistance upon opening free of cost. We may provide additional onsite assistance at our then-current rate, which currently is \$300 per day plus travel expenses. (Section IV of the Franchise Agreement).
7. We approve the Designated Manager of your Franchised Business. We do not select or hire your employees. (Section VII of the Franchise Agreement).
8. We provide you with an initial training program as further described in this item. (Section V of the Franchise Agreement).
9. We loan or make available to you a copy of the Door Renew Operating Manual, which is confidential and will remain our property. We may modify the Operating Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. (Section XIV of the Franchise Agreement). The table of contents is listed in EXHIBIT G and there are 271 total number of pages in the Operating Manual.

### Site Selection and Opening

The site for your Franchised Business is a shop and mobile vehicle (Site). The shop is approximately 2,000 to 2,500 square feet space equipped with water, electricity, and an adequate ventilation system. In addition, the operation of the Franchised Business necessitates a branded van approved by us with sufficient enclosed carrier area for tools and door transport. We do not select your site. We will not own the site or lease a site to you.

We may approve your site. (Section IV of the Franchise Agreement). In the event we exercise our right, you must provide all information and documents about the site that we require. The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. For your Site, we provide specifications for your real property space and we provide branding specifications for your mobile vehicle for the Site of your Franchised Business (Section IV of the Franchise Agreement). You are responsible for obtaining any required permits for construction or remodeling. We may but are not obligated to provide you with assistance to ensure that your Site conforms to local ordinances and building codes and obtain any required permits for construction or remodeling. We do not own and/or lease a site to you.

The typical length of time between the signing of the Franchise Agreement and opening the franchised business is 180 days. Factors affecting this time period include how long it takes to complete any modification of your Door Renew site, completion of financing arrangements, compliance with local ordinances and obtained permits, obtained and installed equipment, your previous employment commitments (if any), your ability to complete our training program, and/or hiring and training personnel.

If you do not secure a Site, or we do not approve a Site for your Franchised Business within 30 days, or you do not open your Franchised Business within 150 days, we may terminate your Franchise Agreement and retain all monies that you have paid us or our affiliates.

## After the Franchised Business Opens

1. In the event of relocation, additional replacement of the shop or vehicle, we do not select the site for your Franchised Business. We approve the Site, including the shop and vehicles for your Franchised Business. (Section IV of the Franchise Agreement).
2. We maintain and provide updated standards, specifications, and designated and approved suppliers for all the equipment, supplies, products, and other materials you will need to operate the franchised business. (Section VI of the Franchise Agreement).
3. We maintain and provide an updated listing of all products and services that your Franchised Business may offer. (Franchise Agreement Article VI).
4. We provide initial training for replacement staff and managers. (Section V of the Franchise Agreement).
5. We may provide additional and ongoing training for staff and managers. (Section V of the Franchise Agreement).
6. We may organize an annual conference for all Door Renew franchisees and staff. (Section V of the Franchise Agreement).
7. If you do not resolve a dispute with a client, we may investigate the matter and resolve the dispute. (Franchise Agreement VII).
8. We provide continuing assistance in operating your Door Renew Franchise Business. (Section V of the Franchise Agreement).
9. We loan or make available to you any updates and changes to the Door Renew Operating Manual. (Section XV of the Franchise Agreement).
10. We review your Door Renew advertising material. (Section XV of the Franchise Agreement).
11. We provide recommended and suggested pricing for the Franchised Business products and services. You must fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional, and other programs, initiatives, and campaigns adopted by us that we require you to participate in. (Section VI of the Franchise Agreement).
12. We approve any replacement Designated Manager for your Franchised Business. We do not select or hire your employees. (Section VIII of the Franchise Agreement).

## Advertising

At your request, we will provide marketing consultation, general advertising strategy, promotional planning, and budgeting. We are not obligated to conduct advertising or spend any amount of money on advertising in your Territory or area.

All your advertising in any medium must be conducted in a dignified manner, be completely accurate and truthful and conform to all applicable laws and regulations relating to consumer advertising and our System Standards. You must submit to us for our prior approval samples of all advertising and promotional plans, materials, and all other materials displaying the Marks, and we will provide you with written approval or disapproval in 15 days. You may not use your own advertising materials or other materials that bear the Marks unless you have received our prior written approval. You may not establish or maintain a domain name, an internet website, webpage, or social media that relates to or advertises your Door Renew Franchised Business or displays the Marks, as we control any websites, web pages, or social media concerning Door Renew Franchised

Businesses and the Marks. We may use and have ownership of any Franchisee developed advertising.

### Local Digital Advertising

We require you to spend a minimum of \$2,500 per month on local digital advertising for the first vehicle and an additional \$1,000 a month on each additional vehicle added within your Territory to solicit new clients and to maintain existing relationships. These amounts will cover ongoing SEO costs, digital advertisements, social media marketing, Google My Business, etc. You may spend more above the minimum. We may require you to direct some or all of your Local Advertising expenditure to marketing vendor(s) we designate (which may be us or our affiliates) who will implement Local Advertising on your behalf.

### Grand Opening Advertising

We require you to spend at least \$20,000 on advertising and promotional activities during the 3 months prior to the opening of your Franchised Business. This includes Local Digital Advertising of at least \$2,500 per month on the first vehicle operated by the Franchised Business, as set forth hereinabove.

We encourage you to participate in local home shows and networking events as part of your Grand Opening Advertising to build the local brand in your community. You may choose to spend more. Factors that may affect your decision on the actual amount to spend include local media cost, the location of the Franchised Business, and customer demographics in the surrounding area. We may require you to direct some or all your grand opening advertising expenditures to marketing vendor(s) we designate (which may be us or our affiliates) who will implement grand opening campaign activities on your behalf.

### Regional and Local Advertising Cooperatives

Currently, you are not required to participate in any Regional Advertising Cooperatives or funds.

### Brand Development Fund

We have established and will administer a systemwide brand fund (the “Brand Development Fund”) and you are required to contribute to the Brand Development Fund 1% of Gross Revenues, subject to a minimum \$50 per week in year 1, and a minimum of \$100 in year 2 and continuing thereafter (“Brand Development Fund Contribution”). Each Door Renew franchise operated by our affiliates or us may, but is not obligated to, contribute to the Brand Development Fund on the same basis as System franchisees.

All Door Renew Brand Development Fund Contributions are maintained in a separate account and may be used for maintaining, administering, researching, directing, and preparing advertising and/or promotional activities, including, without limitation, the costs of preparing and conducting advertising campaigns, which may be local, regional or national, in various media; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; product development; and developing and providing promotional and other marketing materials for franchisees in the System. We are reimbursed for

any labor or services that we provide to the fund and for any costs that we incur for or on behalf of the fund. We do not use any Brand Development Fund Contribution dollars for soliciting new franchise sales; however, we may include a notation in any advertisement indicating “Franchises Available”. (Sections IV of the Franchise Agreement).

The Brand Fund will not be audited. An annual unaudited financial statement of the Brand Fund will be made available after April 30 to any franchisee upon written request. Franchisees contribute to the Brand Fund Uniformly.

During the 2024 calendar year, Brand Development Fund Contributions were spent as follows: 100% was for spent SEO. If all advertising Brand Development Fund Contributions were not spent in the fiscal year in which they accrue, expenditures made from the fund in the following year would be made first out of accumulated earnings from previous years (if any), next out of earnings in the current year, and finally from Brand Development Fund Contributions.

If excess amounts remain in the Brand Development Fund at the end of the year, the unused monies shall be retained by the Brand Development Fund, and all expenditures in the following year(s) shall be made first out of accumulated earnings from the previous year(s), next out of earnings in the current year, and finally from Brand Development Fund Contributions.

#### Franchise Advisory Council

We do not have an advertising council composed of franchisees that advises us on advertising policies.

#### Computer Requirements

We require that you have: (i) a laptop or other computer; (ii) printers and other peripheral hardware/devices; (iii) a POS System we designate; (iv) other required software applications and programs we designate for CRM and/or other functions of the Franchised Business operations; and (vii) Internet access; (collectively, the “Computer System”). The Computer System must be in good repair, with sufficient memory to carry out ordinary business functions, as provided in the Operations Manual. We may also require you to use designated software in connection with the Computer System and Franchised Business.

You will also be required to purchase approved accounting software for your Computer System (“Required Software”), such as QuickBooks Online®, which currently costs approximately \$300 per year. We may require you to enter into license agreements, with us or with third parties, to use certain software programs, including Microsoft Office Suite.

We estimate that the cost to obtain your Computer System and any Required Software will be between \$2,000 and \$2,500 (or lower if you already have existing hardware that you can dedicate and use solely in connection with your Franchised Business). Thereafter, we estimate that the annual costs you will incur in maintenance and support contract, as well as any upgrade to your Computer System and Required Software, will be around \$500 to \$1,500 per year.

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We may independently access,

monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. You must deliver to us all access codes, static internet protocol (“IP”) addresses and other information to facilitate our access to the data within 30 days of opening the Franchised Business (Franchise Agreement, Section 7.8).

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use any computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, Section 7.8).

Website and Internet Use.

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We may, but are not obligated to establish and maintain a website that provides information about the System and the products and services offered by Door Renew franchises. If we exercise our right to create such a website, we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Franchised Business and other Door Renew locations. If we do create such a page, we may require you to prepare all or a portion of the page for the Franchised Business, at your sole expense, and may require you to use a template that we provide. All SEO, website optimization, website creation, and website hosting must be done through our approved vendor. (Franchise Agreement, Section 12).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Franchised Business, including without limitation, Facebook, TikTok, LinkedIn, YouTube, Instagram, Twitter/X, Plaxo and Pinterest, that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website according to our standards and policies as we describe in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify your site(s). We may require you to update the content of any Social Media and/or networking site at the times and in the manner we decide. (Franchise Agreement, Section 12.2).

We may modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. We are currently the sole registrant of the domain name Steelcoatedfloors.com and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service

mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Franchise Agreement, Section 12.2).

Training Program

We provide a tuition-free initial Door Renew training program, which includes orientation to the Door Renew system; customer service; operational management; financial management; computer software use, advertising and marketing, and reporting procedures. The training lasts up to 6 days or less, depending on your existing experience level. It is currently held at our Livonia, Michigan location, but we may hold the training at one of our other locations in the future. Instructional materials may include manuals, videos, scripts, and PowerPoint presentations. Training is not scheduled on a regular basis but will be offered to you before opening the franchised business.

You and your Franchised Business Designated Manager must attend and successfully complete to our satisfaction the initial training at least one week but not more than six days before the opening of the franchised business. You must pay for all travel, lodging, and other costs of initial training attendance. Thereafter, we may charge a fee for attendance of the initial training for new and replacement managers. Our current fee for replacement and new managers is \$300 per day per trainee.

**INITIAL TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Brand Awareness	4	2	Livonia, MI, or another location we designate
Product Knowledge	8	8	Livonia, MI, or another location we designate
Marketing/Customer Relations	8	2	Livonia, MI, or another location we designate
Bid, Payments, Accounting, Chart of Accounts, Reporting	16	0	Livonia, MI, or another location we designate
Door Refinishing Training	2	12	Livonia, MI, or another location we designate, or onsite at your

			location
Temp Door Installation	1	6	Livonia, MI, or another location we designate, or onsite at your location
Equipment Maintenance	1	2	Livonia, MI, or another location we designate, or onsite at your location
On-Site Training		24	Your location
<b>TOTALS</b>	<b>40</b>	<b>56</b>	

Initial training is overseen by Kevin Longe, our Executive Vice President, and Adam Grodin, our Vice President of Franchise Success. Their qualifications are listed in Item 2.

We may change, add to, or make substitutions for the subjects and instructors listed in the tables above as necessary or appropriate. Minimally, per our standards, all instructors and substitute instructors will have experience in the operations and standards of the Door Renew System.

We may provide additional training programs at reasonable times and at locations selected by us during the term of the Franchise Agreement and will host national conventions at times and locations selected by us. You must attend the national convention. We may require attendance at other additional training programs. You must pay for all travel, lodging, and other costs of attending training and the national convention. We may charge a reasonable per diem fee for other training programs.

You are encouraged to schedule your training as soon as possible after executing the Franchise Agreement. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because mandatory training is not completed to our satisfaction.

You are responsible for all expenses you and your employees incur to attend the initial training, including wages, benefits, transportation, meals, accommodations, and entertainment. Other than providing initial training, we do not provide any other assistance with the hiring or training of your employees.

## ITEM 12. TERRITORY

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

Subject to the Franchise Agreement Terms, you are granted a protected territory (“Territory”) defined as a geographic area containing a population of about 400,000. You may advertise, solicit, offer, accept orders, and sell within the Territory. You do not have the right to use other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory unless we give you written consent to serve another specified area where no other Door Renew franchise or company-owned unit is located. If you are granted consent to service another specified area, you shall be obligated to pay royalty fees and other fees to us for the services performed or products sold.

Your Door Renew Franchised Business will operate from a work shop (“Site”) and mobile vehicle. We approve the Site for your Franchised Business.

You may relocate the Site of your Franchised Business so long the new Site meets our then-current Site requirements, and you must pay us \$1,000 for any costs and expenses we incur in your relocation. Currently, for relocation and Site selection, the Site must be approved by us, and we provide specifications for your real property space and we provide branding specifications for your mobile vehicle.

We promise and agree not to operate a business using the Door Renew System and the Marks within the Territory or authorize anyone else to operate a business using the Door Renew System and the Marks within the Territory during the term of the Franchise Agreement if you meet performance standards set forth in your Franchise Agreement and if you are complying with the Franchise Agreement and subject to these limitations. We are not obligated to ensure that no other franchise will conduct operations in your Territory. Although such activities are discouraged, we may determine how to respond to any such situation. We are not required to pay you any compensation for us or other franchisees soliciting or accepting orders in your Territory.

We have the right to establish and operate (directly or through an affiliate) and to grant to others the right to establish and operate any businesses of any kind, in the Territory, that operate under any other mark other than the Marks.

We have the right to host one or more websites on the Internet that advertise Door Renew Franchised Businesses and the services and products they offer, and that allows potential clients to contact Door Renew Franchised Businesses throughout the world, even though a website is accessible to or viewable by persons in the Territory.

We have the right to advertise and promote the services and products offered by a Door Renew Franchised Business through broadcast, print, and electronic media that are broadcast, delivered, or otherwise transmitted into the Territory.

We have the right to offer and sell any services and products within the Territory and elsewhere under any trade names, trademarks, service marks, or trade dress, including the Marks, through any

alternative channels of distribution, including but not limited to, via retail and wholesale distribution, in hardware stores, club stores and other retail facilities, via mail order and e-commerce channels.

We have the right to acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

We may but are not obligated to pay you any compensation for soliciting or accepting orders from inside franchisee's Territory.

Neither we nor our affiliates operate or plan to operate or franchise others to operate a similar business selling the same goods or products under a different name or solicit customers within your Territory except as stated above.

#### Minimum Performance Standard

In order to remain in good standing and maintain the Territorial rights granted to you, the Franchised Business must achieve \$200,000 in Gross Revenue per year in each of the 3<sup>rd</sup> through 5<sup>th</sup> years of operations and \$300,000 in Gross Revenue per year in each of the 6<sup>th</sup> through 10<sup>th</sup> years of operations. Your failure to meet the Minimum Performance Standard in any given year is a material default of this Agreement, and we may grant a franchise to another to open a Door Renew business within the Territory or otherwise terminate your Franchise Agreement.

#### Special Accounts

We have the exclusive right to contract with customers whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Door Renew territory or the trading area of a single Franchise, Franchisor-owned or Affiliate-owned business (referred to herein "Special Accounts"). If we establish a contract for facilities of a Special Account located in the Territory, we shall offer you the first option of providing the services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements we negotiate with the Special Account. If you accept the project, we will collect all amounts due from the Special Account and remit to you the amount due for products and services rendered. All amounts collected from Special Accounts on your behalf or by you from Special Accounts will be included in your Gross Revenues for purposes of calculating Royalties other fees due under the Franchise Agreement.

If you decline to accept the project, we will have the right to fulfill the contract requirements to the Special Account in the Territory in any manner we deem suitable, including through another Door Renew franchisee, a company- or affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reasonable requests that services in the Territory be provided by someone other than you, we may revoke your option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner we deem suitable.

### ITEM 13. TRADEMARKS

Our trademark, Door Renew (the “Mark”), is registered with the United States Patent and Trademark Office (the “Trademark Office”) on the registry as stated below:

Mark	Registration Number	Registration Date	Register
Door Renew (word mark)	4,613,151	September 30, 2014	Principal

The trademark is owned by us. We have filed all required affidavits and renewals with respect to these registrations.

There are no currently effective material determinations of the Trademark Office, the Trademark Trial and Appeal Board, or any other trademark administrator or any court, pending interference, opposition, or cancellation proceeding, or any pending material litigation involving the Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. We are not aware of any infringing uses of the Marks that could materially affect your use of them.

Your use of the Door Renew Marks is limited to use in connection with the operation of your Door Renew Franchised Business within the Territory as described in the Franchise Agreement and as set forth in the Door Renew Operating Manual. You must promptly notify us of any use of the Door Renew Marks or any colorable variation by any person or legal entity or any litigation instituted by any person or legal entity against you or us involving the Door Renew Marks. We will control any litigation or proceeding. We are not required to defend the Door Renew Marks. In the event we undertake the defense, prosecution, or settlement of any litigation relating to the Door Renew Marks, you agree to assist as necessary to carry out such defense, prosecution, or settlement. In the event that any party demonstrates to us a superior right to use any of the Door Renew Marks, you shall, upon demand by us, discontinue use of such Door Renew Mark(s) and adopt, at your sole cost and expense, any Mark(s), if any, selected by us to replace such discontinued Mark(s).

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

We do not own any patents material to the franchise. We do not own any copyright registration material to the franchise. We claim common law copyright and trade secret protection for several aspects of the System including our Operating Manual, and all printed, audiovisual, and other materials developed and distributed for use by our franchisees or us (collectively called the “Proprietary Information”). Information not protected by copyright, but which is confidential to us, such as information about our methods, policies, and marketing programs, is also part of the Proprietary Information.

There are no administrative or judicial determinations relating to copyrights nor any agreements that limit the use of them. We are not obligated to protect these copyrights.

You will not acquire any interest in the Proprietary Information. All Proprietary Information must be returned to us immediately upon the termination of the Franchise Agreement for any reason. The Proprietary Information is disclosed to you solely on the condition that you (1) will not use it in any other business or capacity; (2) will maintain the absolute confidentiality of the information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Operating Manual or any other written communication from us; (4) will not disclose or duplicate any part of the Proprietary Information other than disclosure to an employee of the franchised business to the extent necessary to do his or her job; and (5) will adopt and implement all reasonable procedures we may require preventing unauthorized use or disclosure of the information, including restrictions on disclosure of the information to employees of the franchised business and the use of nondisclosure and non-competition clauses in employment agreements. All shareholders, officers, directors, partners, and members of the franchise are presumed to have access to Proprietary Information and must sign a Nondisclosure and Noncompetition Agreement to maintain the confidentiality of the Proprietary Information and conform to the noncompetition covenants.

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

You must inform us in writing if anyone breaches the Nondisclosure and Noncompetition Agreement or if there is any other violation of the obligations regarding any of the Proprietary Information or if you learn about any improper use of any of it.

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

You must maintain a designated full-time manager of the franchised business who is approved by us who devotes his/her full time and energy to the operation of the Franchised Business and successfully complete the initial training program to our satisfaction. The designated on-site manager must sign a confidentiality, non-solicitation, and non-competition agreement in a form that is satisfactory to us. The manager need not have an ownership interest in the franchise.

Each shareholder, partner, member, and other equity owners of the franchise, and each individual shareholder, partner, member, and other equity owners of any shareholder, partner, member, and other equity owners that is itself a business entity, must personally guarantee all of the franchisee's obligations and performance under the Franchise Agreement.

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

You must offer and sell all products and services, and only those products and services, authorized by us and specified in the Door Renew Operating Manual or as designated in writing by us (the “Permitted Products and Services”). Without limit, we may change, add and delete products or services to or from the Door Renew Permitted Products and Services at any time. We may also designate any products or services as optional.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Term of the franchise	Section II(A)	10 years from the date the Franchised Business opens and commences on the date Franchisor executes this Agreement.
b. Renewal or extension of the term	Section II(B)	Upon the expiration of the initial term or any renewal term of the Franchise Agreement, you may, at its option, renew the Franchise Agreement for an additional term of 10 years (the “Successor Franchise”), provided that at the end of each term you meet conditions listed including paying a Successor Fee.

Provision	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section II(B)	In order to renew, we must be offering Door Renew Franchises; you must give us written notice between 6 months to 1 year prior to the end of the term; you must not be in default under any provision of The Franchise Agreement or any other agreement between you and our affiliates, and have substantially complied with all of the terms and conditions of Franchise Agreement; or a suitable substitute location that is approved by us and meets our then-current specifications and standards, for the entire term of the Successor Franchise; you must refurbish your Door Renew Franchised Business to conform to the then-current Door Renew trade dress, color schemes, and presentation of the Marks and Door Renew Systems Standards; you must sign the then-current Door Renew franchise agreement terms of which may materially differ from the terms of the original Franchise Agreement; you must pay us a Successor Franchise Fee of \$10,000; unless prohibited by the laws, you must sign a general release; and you must comply with then-current Door Renew qualifications and training requirements.
d. Termination by you	None	You have no right to terminate the franchise agreement, subject to state law.
e. Termination by us without cause	None	Not applicable
f. Termination by us with cause	Section XVI	We can terminate only if you default.
g. "Cause" defined -- defaults which can be cured	Section XVI(B)(3)(7)(15)(23)	We may elect to terminate your Door Renew Franchise Agreement if you fail to pay, when due, any sum required to be paid under the Franchise Agreement or any other agreement between us after

Provision	Section in Franchise Agreement	Summary
		written notice and fifteen (15) days opportunity to cure; fail to meet the Development Schedule for six (6) consecutive months after 30 days' notice; you fail, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business; or fail to cure any other provisions within thirty (30) days from notice of the breach.
h. "Cause" defined defaults which cannot be cured	Sections XVI(A) and XVI(B)	<p>The Franchise Agreement shall automatically terminate without notice or an opportunity to cure if you declare bankruptcy or our insolvent, are a debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code; a receiver is appointed for you or for any part of its property, or you make any assignment for the benefit of your creditors, if not dismissed within fifteen (15) days.</p> <p>We may elect to terminate your Door Renew Franchise Agreement, with notice and without opportunity to cure if you: (i) you are convicted or please guilty to a felony or take part in criminal misconduct related to the business; (ii) fail to timely locate and secure a Site or open the Franchised Business or satisfy all of the training obligations herein; (iii) you fail on two (2) or more separate occasions within any twelve (12) consecutive month period to submit reports or other information or supporting records when due, Royalty Fees or other fees and payments, or commits three (3) or more defaults, whether or not such defaults is corrected; (iv) you default under any other agreement with us and we may terminate such agreement; (v) you fail to operate the Franchised Business in full compliance with the terms of the Franchise Agreement, the Operating Manual, or the System Standards; (vi) you fail to operate your Door Renew Franchised Business for more than two (2) consecutive days, or otherwise abandon the Franchised Business; (vii) you offer or sell products</p>

Provision	Section in Franchise Agreement	Summary
		<p>or services other than Permitted Products and Services and/or fail to provide, offer, or sell any one, some, or all of the Permitted Products and Services; (viii) you provide for offers or sales of any Permitted Products and Services at or from a location that is within the franchise territory of another Door Renew franchisee (except as expressly stated in this Agreement, the Operating Manual, or any other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by us under franchise agreements with other franchisees of Franchisor; (ix) you fail to achieve or exceed System Standards in two (2) inspections in any twenty four (24) month period; (x) you fail to achieve or exceed the Minimum Performance Standards for two (2) consecutive calendar years; (xi) you lose the right to possession of the premises upon which the Franchised Business is located, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; (xii) you make any transfer or attempted transfer that fails to comply with this Agreement; (xiii) the Franchised Business is seized, taken over or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, a final judgment against you remains unsatisfied for thirty (30) days (unless superseded as or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy; (xiv) you or any principal violates the restrictive covenants of the confidentiality, solicitation, competition as set forth in the franchise agreement; (xv) any conduct or activity by you or any of your Principals, directors, or officers that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, us, the Door Renew System, the Marks, or the goodwill associated; (xvi) you</p>

Provision	Section in Franchise Agreement	Summary
		<p>knowingly maintain false books or records, or knowingly submit any false reports to us, or knowingly understate your Gross Revenues reported to Franchisor; (xviii) you fail to maintain sufficient levels of inventory; or (xix) any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business, and you have not immediately commenced actions to cure the problem or have not promptly cured or corrected the problem or activity that gave rise to the threat or danger.</p>
<p>i. Your obligations on termination or nonrenewal</p>	<p>Article XVII</p>	<p>Upon the termination, you must: cease to operate your Franchised Business and not hold itself out as a present or former Door Renew franchisee of Franchisor; cease to use the Door Renew System or Door Renew Marks; make modifications to the Franchised Business Site to prevent the operation of any business on the Site that might be deemed substantially similar to the Door Renew Franchised Business; at our option, assign to us (i) telephone numbers of the Franchised Business and all related Yellow Pages, White Pages and other business listings, and (ii) Web Sites, web pages, listings, banners, URLs, advertisements, or any other services and links, and sell to us the assets of the Franchised Business; turn over the Door Renew Operating Manual, records, customer and other files, instructions, correspondence, and software provided and/or licensed by us; cancel any assumed name or equivalent registration that contains the Door Renew Marks; pay all sums due and owed to us; obtain and maintain professional liability or errors and omissions insurance and general liability insurance for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located; appoint us as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee obligations under the terms of termination.</p>

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by us	Section XV(A)	We may transfer or assign all or any part of our rights and/or obligations to any person or legal entity.
k. "Transfer" by you definition	Section XV(B)	A transfer includes any sales assignment, transfer, convey, give away, pledge, mortgage, or otherwise encumbrance of any interest therein or in Franchise or Franchisee assets.
l. Our approval of transfer by franchisee	Section XV(B)	We may approve all transfers but may not unreasonably withhold consent.
m. Conditions for Door Renew International, LLC approval of transfer	Section XV(B)	All outstanding obligations related to the Franchised Business must be paid, and the transferor's right to receive compensation must be subordinated and secondary to our rights. You must sign a general release; the transferee must pay a transfer fee; the transferee must sign written assumption; the transferee must meet Door Renew standards; the transferee must sign a then-current Door Renew franchise agreement, and such other ancillary agreements; the transferee must successfully complete Door Renew initial training, and you must pay a transfer fee.
n. Our right of first refusal to acquire your business	Section XV(D)	We may, exercisable by written notice to you, purchase such rights or interests for the price and on the terms and conditions contained in any offer for your Franchised Business, except we may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by us must be completed within ninety (90) days after your receipt of our written notice. If we do not exercise our right of first refusal, you may complete the sale of interest to the bona fide purchaser, subject to our approval; however, if the sale to the purchaser is not

Provision	Section in Franchise Agreement	Summary
		completed within one hundred twenty (120) days after the delivery of the offer to us, we will again have the right of first refusal.
o. Our option to purchase your business	Section XVII(6)	Upon termination or expiration of your Franchise Agreement, at our option (to be exercised within thirty (30) days after termination), you must sell to us any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of your Franchised Business, at the depreciated book value.
p. Your death or disability	Section XV(E)	Must transfer to an approved 3rd party within 6 months subject to all conditions except transfer fee.
q. Noncompetition covenants during the term of the franchise	Section XVIII(B)	divert or attempt to divert any business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or own, maintain, engage in, or have any interest in any business offering restoration and door replacement, or any other products or services that are offered in the Franchised Business (“Competitive Business”), unless otherwise consented to in writing by Franchisor.
r. Noncompetition covenants after the franchise is terminated or expires	Section XVIII(C)	No involvement in a competing business for 2 years (i) at the Site; (ii) within the Territory; or (iii) within a twenty-five (25) mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement.
s. Modification of the agreement	Section XXI(A)	The Agreement may not be modified or amended except by a written instrument signed by each of the

Provision	Section in Franchise Agreement	Summary
		parties hereto, expressing such amendment or modification.
t. Integration/merger clauses	Section XXI(A)	The Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures which are included in the Franchisor's now current Franchise Disclosure Document. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representation made in this Franchise Disclosure Document. Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.)
u. Dispute resolution by arbitration or mediation	Article XIX(B),(C)(D)	You must first bring any claim or dispute between you and us to our President and provide us with thirty (30) days' notice and opportunity to cure. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party.  After exhausting this internal dispute resolution procedure, at our option, all claims or disputes must be submitted first to mediation, except for certain disputes involving our intellectual property or compliance with restrictive covenants. (subject to applicable state law).
v. Choice of forum	Section XIX(F)	Any and all suits, actions, or other proceedings with respect to, arising out of, or in connection with this Agreement shall be litigated in courts having a situs within New Castle County, Delaware (subject to applicable state law).

Provision	Section in Franchise Agreement	Summary
w. Choice of law	Section XIX(G)	The state of Delaware (subject to applicable state law).

**ITEM 18. PUBLIC FIGURES**

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

**ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

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

At the end of 2024, there were sixteen (16) franchised locations and two (2) company-owned locations. Six (6) franchised locations were open for the entire 2024 calendar year. Two (2) locations were open for the entire 2024 calendar year but were transferred to Franchisor during the calendar year. An additional five (5) franchised locations were not open for the entire 2024 calendar year but have reported their sales. Five (5) franchised locations were either not open for the entire 2024 calendar year, or did not report their sales to Franchisor, and have been excluded from this Item 19. The information that we have provided in this Item 19 was recorded and reported to us by the owners of the Affiliate Business and the Franchised Business being disclosed in this Item.

We have not independently audited this information. Written substantiation of the data used in preparing this information will be made available upon reasonable request. Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Detroit, MI^  
 100 total jobs  
 \$2,150.00 Median  
 \$65.00 Minimum  
 \$18,200.00 Maximum  
 \$2,823.82 Average

Central (Des Moines), Iowa\*

27 total jobs

\$2,278.99	Median
\$50.00	Minimum
\$6,996.00	Maximum
\$2,570.39	Average

Central (Waco), Texas\*

27 total jobs

\$2,149	Median
\$1,449	Minimum
\$5,125	Maximum
\$2,154	Average

Charlotte, NC^

85 total jobs

\$1,930	Median
\$250	Minimum
\$9,153	Maximum
\$2,297	Average

Columbus (St. Louisville), OH^

96 total jobs

\$1,700	Median
\$85	Minimum
\$8,082	Maximum
\$2,020	Average

Greater DFW, TX\*

15 total jobs

\$1,407.00	Median
\$270.00	Minimum
\$4,194.00	Maximum
\$1,429.00	Average

Greater Raleigh, NC^

165 total jobs

\$3,483	Median
\$106	Minimum
\$9,999	Maximum
\$2,940	Average

Indianapolis, IN ^

101 total jobs

\$3,289	Median
---------	--------

\$600	Minimum
\$17,038	Maximum
\$3,942	Average

Milwaukee, WI<sup>^</sup>

78 total jobs

\$1,725	Median
\$75	Minimum
\$15,117	Maximum
\$2,206	Average

Providence, RI<sup>+</sup>

37 total jobs

\$1,605	Median
\$64	Minimum
\$7,992	Maximum
\$2,109	Average

Utah\*

61 total jobs

\$1,608	Median
\$214	Minimum
\$4,021	Maximum
\$1,830	Average

Orlando, FL<sup>+</sup>

166 total jobs

\$3,000	Median
\$99	Minimum
\$20,904	Maximum
\$3,264	Average

Treasure Valley, ID\*

54 total jobs

\$1,811	Median
\$375	Minimum
\$5,400	Maximum
\$2,293	Average

<sup>^</sup> Indicates that it was open a full calendar year.

<sup>+</sup>Indicates that it began as a franchised location but was transferred to Franchisor during the 2024 calendar year.

\*These locations were not open for a full calendar year as of December 31, 2024, but we have included their sales as it was reported to us.

Other than the foregoing, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Michael Shinabarger at michael@phoenixfranchisebrands.com, 19500 Victor Parkway, Livonia, MI 48152, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
SYSTEMWIDE OUTLET SUMMARY  
For Years 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised Outlets	2022	8	18	+10
	2023	18	20	+2
	2024	20	16	-4
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	2	+2
<b>TOTAL OUTLETS</b>	<b>2022</b>	<b>8</b>	<b>18</b>	<b>+10</b>
	<b>2023</b>	<b>18</b>	<b>20</b>	<b>+2</b>
	<b>2024</b>	<b>20</b>	<b>18</b>	<b>-2</b>

**Table No. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(Other than Franchisor)**  
**For Years 2022 to 2024**

State	Year	Number of Transfers
Kentucky	2022	0
	2023	0
	2024	1
Michigan	2022	0
	2023	0
	2024	1
Ohio	2022	0
	2023	0
	2024	1
<b>TOTAL</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>3</b>

**Table No. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**For Years 2022 to 2024\***

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
Colorado	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	0
Florida	2022	0	4	0	0	0	1	3
	2023	3	0	0	0	0	1	2
	2024	2	1	0	0	1	1	1
Georgia	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Idaho	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Indiana	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Iowa	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Kentucky	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
Michigan	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
Missouri	2022	0	1	0	0	0	1	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Ohio	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Pennsylvania	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
Rhode Island	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
South Carolina	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	2	0

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
Texas	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	1	1
	2024	1	2	0	0	0	1	2
Utah	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
<b>TOTAL</b>	<b>2022</b>	<b>8</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>18</b>
	<b>2023</b>	<b>18</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>20</b>
	<b>2024</b>	<b>20</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>16</b>

\* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Where a franchise territory covers more than one state, the franchise, for purposes of this table, is assigned to the state where it has the bulk of its operation, which is not necessarily the same state shown in the business address in the list of franchisees, EXHIBITS E and F.

**Table No. 4  
STATUS OF COMPANY-OWNED OUTLETS  
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
Rhode Island	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
<b>TOTAL</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>

**Table No. 5**  
**PROJECTED OPENINGS**  
**As of December 31, 2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Florida	0	1	0
Idaho	0	1	0
Iowa	0	1	0
Kansas	1	0	0
Pennsylvania	1	1	0
Texas	0	1	0
Utah	0	1	0
Total	2	6	0

A list of the names, addresses, and telephone numbers of all Door Renew franchisees is attached to this disclosure document as EXHIBIT D. A list of the names, last known home addresses, and telephone numbers of every Door Renew franchise that has had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the date of this disclosure document, is attached to this disclosure document as EXHIBIT E. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Door Renew. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

### **ITEM 21. FINANCIAL STATEMENTS**

Our audited financials as of December 31, 2022, December 31, 2023, and December 31, 2024 are attached to this disclosure document as F. Our fiscal year ends on December 31.

## **ITEM 22. CONTRACTS**

The following exhibits to this disclosure document are the contracts used by us in offering franchises:

- EXHIBIT A FRANCHISE AGREEMENT
- EXHIBIT B FRANCHISE DISCLOSURE QUESTIONNAIRE
- EXHIBIT C STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE  
OF PROCESS
- EXHIBIT D LIST OF FRANCHISEES
- EXHIBIT E LIST OF FRANCHISEES WHO LEFT THE SYSTEM
- EXHIBIT F FINANCIAL STATEMENTS
- EXHIBIT G TABLE OF CONTENTS OF OPERATING MANUAL
- EXHIBIT H STATE SPECIFIC ADDENDA

## **ITEM 23. RECEIPT**

The Receipt page is attached to the last page of this disclosure document. You must sign the receipt to acknowledge your receipt of this disclosure document.



EXHIBIT A. FRANCHISE AGREEMENT

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

**Franchise Agreement**

**BETWEEN**

**DOOR RENEW INTERNATIONAL, LLC  
FRANCHISOR**

**AND**

\_\_\_\_\_  
**FRANCHISEE**

\_\_\_\_\_  
**(Common Territory Name)**

\_\_\_\_\_  
**DATED**

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## Exhibits

EXHIBIT 1.....	SITE AND TERRITORY
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EXHIBIT 3. ....	RESTRICTIVE COVENANT AGREEMENT
EXHIBIT 4. ....	POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

## **DOOR RENEW FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the Agreement), made by and between Door Renew International, LLC, a Delaware Limited Liability Company (the Franchisor), and \_\_\_\_\_, a(n) \_\_\_\_\_ (the “Franchisee”) on the date signed herein by the franchisor herein \_\_\_\_\_ (the Effective Date).

### **WITNESSETH:**

WHEREAS Franchisor has dedicated time, skill, effort, and money to create and develop and continues to develop a system (the “System”) for the establishment and operation of a distinctive type of business (referred to as a “Door Renew Business” or the “Franchised Business”) that offers residential and commercial restoration work of doors, buildings, and homes, windows, and other items.

WHEREAS, the System consists of distinctive methods and procedures for marketing and advertising; specially designed business forms and procedures for the efficient operation of the Franchised Business; an operation manual (the Operating Manual); and specially designated equipment, techniques, and procedures for the promotion and provision of Franchisee’s services.

WHEREAS, Franchisor has invested substantial amounts of money in developing, and continues to develop, use and control the use of the mark “Door Renew” and the “Door Renew” design mark, as well as any derivatives thereof, and certain other trade names, business names, service marks, trademarks, logos, designs and trade symbols (collectively referred to as the Marks) to identify to the public the source of services marketed thereunder and through the Door Renew System and to represent the Door Renew uniform and high standards of quality.

WHEREAS, Franchisor has applied to register the mark Door Renew with the United States Patent and Trademark Office and claims the exclusive right to use all of the Marks and any derivatives thereof in connection with the operation of the Door Renew System, as are now or may from time to time be designated in writing by Franchisor for use in connection with the operation of the System.

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality and service, the necessity of opening and operating the Franchised Business in conformity with Franchisor’s standards and specifications as presented in Franchisor’s Operating Manual and updates and preserving the confidentiality of the System.

WHEREAS, Franchisor offers franchises for the development and operation of Franchised Businesses to be operated and promoted within a designated geographical territory (the “Territory”).

WHEREAS, Franchisee has applied for a Door Renew Franchise. In reliance upon all of the representations made by Franchisee in the application and in this Agreement, Franchisor has approved Franchisee’s application.

NOW, THEREFORE, in consideration of the above Recital, which is incorporated herein as if fully rewritten, and the mutual promises contained herein, the parties agree as follows:

## I. GRANT OF FRANCHISE

### A. Grant of Franchise; Territory.

1. Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the right to operate, and Franchisee undertakes the obligation to establish and operate in the area designated in Exhibit 1 of this Agreement (the “**Territory**”) a Door Renew Franchised Business under the System and the Marks and using the System standards (referred herein as “**System Standards**”) as set forth in this Agreement, the Operating Manual, or other directives provided by Franchisor). Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor’s discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional Territories.

2. Except as otherwise provided for in this Agreement and for as long as Franchisee is not in breach of this Agreement, Franchisor shall not establish or franchise another to establish a Door Renew Business under the Marks and System within the Territory during the Term of this Agreement. Franchisee may advertise, solicit, offer, accept orders, and sell within the Territory. Franchisee does not have the right to use other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Territory unless Franchisor gives its prior written consent and no other Door Renew franchise or company-owned unit is located in the area. If Franchisee is granted consent to service another specified area, Franchisee shall be obligated to pay royalty fees and other fees to Franchisor for the services performed or products sold. If Franchisee offers, solicits, or accepts, or performs service outside of the Territory without Franchisor’s written consent, Franchisor may in its discretion, in addition to all other remedies provided for in this Agreement or in law or equity, assess a fee up to or equal to 100% of any revenue generated from the customer (“**Out-of-Territory Fee**”) and Franchisee agrees to pay the Out-of-Territory Fee.

### B. Territory Development Schedule

Franchisee must add and operate additional vehicles in the Territory in accordance with the deadlines set forth in the territory development schedule (the “**Territory Development Schedule**”) as set forth in Exhibit 1 of this Agreement. Franchisee acknowledges and agrees that in order to remain in good standing and maintain the Territory rights granted hereunder, Franchisee must obtain and operate additional Door Renew Franchised Business vehicles in the Territory in accordance with the Territory Development Schedule set forth in the Territory Development Schedule. Failure to meet the Territory Development Schedule for six consecutive months is a material default of this Agreement, and Franchisor may terminate this Agreement for failure to open and operate Door Renew Franchised Business vehicles in accordance with the Territory Development Schedule.

### C. Reserved Rights

Franchisor specifically reserves all rights not expressly granted to Franchisee in this Agreement. Without limiting the generality of the preceding sentence, Franchisor has the right to:

1. Own, acquire, establish and operate, and license others to establish and operate, Franchised Business under the Marks and System outside the Territory.
2. Acquire, develop, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind regardless of location, except for businesses that offer door restoration services within the Territory;
3. Establish and operate, and license others the right to open and operate, businesses that offer similar products and services to those offered by the Franchised Business under any other mark other than the Marks at any location, within or outside the Territory;
4. Use the Marks and System, and license others to use the Marks and System to engage in any other activities not expressly prohibited in this Agreement;
5. Sell and distribute, directly or indirectly, or license others to sell and distribute within or outside the Territory, directly or indirectly, any products, services or merchandise, including Permitted Products and Services, from any location or to any purchaser or through any alternative channel or method of distribution including, but not limited to, via retail and wholesale distribution, in hardware stores, club stores and other retail facilities, via mail order and e-commerce channels;
6. Offer and sell the services and products authorized for Franchised Business using the Marks or other trademarks, service marks, and commercial symbols to Special Accounts as defined and per the conditions set forth in this Agreement.

### D. Special Accounts

The Franchisor has the exclusive right to contract with customers whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Door Renew territory or the trading area of a single Franchise, Franchisor-owned or Affiliate-owned business (referred to herein “**Special Accounts**”). If Franchisor establishes a contract for facilities of a Special Account located in the Territory, Franchisor shall offer Franchisee the first option of providing the services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements negotiated by Franchisor with the Special Account. If Franchisee accepts the project, Franchisor will collect all amounts due from the Special Account and remit to Franchisee the amount due for products and services rendered. All amounts collected from Special Accounts on Franchisee’s behalf or by Franchisee from Special Accounts will be included in Franchisee’s Gross Revenues for purposes of calculating Royalties other fees due under this Agreement.

If Franchisee declines to accept the project, Franchisor will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner it deems suitable,

including through another Door Renew Franchisee, a Franchisor or Affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reasonable requests that services in the Territory be provided by someone other than Franchisee, Franchisor may revoke Franchisee's option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner Franchisor deems suitable.

## II. TERM AND RENEWAL

### A. Initial Term

Except as otherwise provided, the initial term of this Agreement is for a period of 10 years from the date the Franchised Business opens and commences on the date Franchisor executes this Agreement.

### B. Renewal

Upon the expiration of the initial term or any renewal term hereof, Franchisee may, at its option, renew this Agreement for an additional term of 10 years (the "**Successor Franchise**"), provided that at the end of each term:

1. Franchisor is still offering Franchises at the time of each renewal period;
2. Franchisee has given Franchisor written notice of its election to renew not less than six (6) months, but not more than one (1) year, prior to the end of the preceding term;
3. Franchisee is not in default under any provision of this Agreement, any amendment or successor thereto, or any other agreement or instrument between Franchisee and Franchisor or its affiliates, approved suppliers of the System and had substantially complied with all of the terms and conditions of all such agreements during the then-current terms;
4. Franchisee shall refurbish the Franchised Business, including equipment and vehicles, to conform to the then-current trade dress, color schemes, and presentation of the Marks and Systems Standards;
5. Franchisee executes Franchisor's then-current form of franchise agreement and all other agreements and contracts that are normally and customarily signed by franchisees, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, different royalty and Brand Development Fund Contributions; provided, however, the agreement offered Franchisee upon renewal shall not require Franchisee to pay the Initial Franchise Fee again;
6. Franchisee must pay Franchisor a Successor Franchise Fee of \$10,000 at the same time that Franchisee gives Franchisor the written request required by this Section. If Franchisor refuses to grant Franchisee a Successor Franchise, Franchisor shall, at the same time, Franchisor

notifies Franchisee of the refusal, refund the Successor Franchise Fee paid by Franchisee. The Successor Franchise Fee is not refundable under any other circumstances;

7. Unless prohibited by the laws of the state in which Franchisee is located, Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents and employees, in their corporate and individual capacities; and

8. Franchisee shall comply with Franchisor's then-current qualification and training requirements, including, without limitation, any training requirements specifically designated for renewing Franchisees.

### **C. Interim Term**

If Franchisee does not execute a Successor Agreement before the expiration of the Agreement and Franchisee continues to accept the benefits of this Agreement after the expiration, then at Franchisor's option, this agreement may be treated either as: (i) expired as of the expiration date, with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis (the "**Interim Term**") until terminated by either party with at least one month written notice. In the latter case, all of Franchisee's obligations will remain in full force and effect during the Interim Term as if this agreement had not expired, except Royalty Fees, and all other fees shall be at the Franchisor's then-current rates and amounts plus an additional 2% royalty on gross revenues, and all obligations and restrictions imposed on Franchisee upon the expiration of this agreement will be deemed to take effect upon termination of the Interim Term. Except as described in this paragraph, Franchisee has no right to continue to operate the Franchised Business following the expiration of the Initial Term. If any applicable Franchise Law requires a longer notice period, the one-month period will be deemed modified to be the shortest notice period required by the Franchise Law.

## **III. INITIAL AND ONGOING FEES**

### **A. Initial Franchise Fee**

Franchisee shall pay Franchisor a nonrefundable initial franchise fee ("Initial Franchise Fee"). You must pay us an Initial Franchise Fee of \$59,000 in full when you sign the Franchise Agreement for your Protected Territory. A minimum Protected Territory is defined as a geographic area containing a population of about 400,000. The Initial Franchise Fee for additional units that are purchased at any time during the term of the Franchise Agreement is \$29,000 for the second unit and \$19,000 for the third unit. You must be in good standing to qualify to purchase additional units. The initial franchise fee is uniformly charged for all franchises currently being offered. The initial franchise fee is considered fully earned and is nonrefundable under any circumstances.

The Initial Franchise Fee must be paid in cash or by check, money order, or bank draft and is fully earned, due, and payable to Franchisor upon the execution of this Agreement, in consideration of, among other things, the administrative and other expenses incurred by Franchisor in furnishing items to Franchisee as described herein and for Franchisor's lost or deferred opportunity to franchise to others.

## **B. Royalty Fee**

Franchisee shall pay Franchisor a royalty fee equal to seven percent (7%) of weekly Gross Revenue (the "Royalty Fee") for the preceding week, subject to the minimum payments as described below. For purposes of calculating the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. In Year 1, the weekly minimum Royalty Fee is One Hundred Seventy-Five Dollars (\$175) per week; in Year 2, the weekly minimum Royalty Fee is Two Hundred Forty-Nine Dollars (\$249) per week; in Year 3, the weekly minimum Royalty Fee is Four Hundred Fifteen Dollars (\$415) per week; and in Year 4 and thereafter for the remainder of the Term, the weekly minimum Royalty Fee is Five Hundred and Twenty-Four Dollars (\$524) per week. Royalty Fees are due and payable by the Thursday of each week based upon Franchisee's Gross Revenue. Franchisee shall also pay all federal, state, and local sales or use taxes that may be levied or assessed, in whole or in part, on the Royalty Fees payable to Franchisor, regardless of whether such taxes be assessed against or payable by Franchisor or Franchisee.

## **C. Brand Development Fund**

Franchisee shall pay a brand development fund contribution equal to one percent (1%) of weekly Gross Revenue (the "Brand Development Fund Contribution") for the preceding week, subject to the minimum contributions as described below. In Year 1, the minimum contribution is Fifty Dollars (\$50) per week and in Year 2 and thereafter for the remainder of the Term, the minimum contribution is One Hundred Dollars (\$100) per week. Brand Development Fund Contributions are due and payable by Thursday of each week based upon Franchisee's Gross Revenues for the preceding week. Franchisee shall also pay all federal, state, and local sales or use taxes that may be levied or assessed, in whole or in part, on the Brand Development Fund Contributions payable to Franchisor, regardless of whether such taxes be assessed against or payable by Franchisor or Franchisee. Franchisor reserves the right to increase the Brand Development Fund Contribution to two percent (2%) of Gross Revenue upon 30 days prior written notice to Franchisee.

## **D. Late Payments**

Franchisee shall pay Franchisor a late fee of \$100 per week plus interest at of the rate of 1.5% per week or 18% per annum on the unpaid balance for each Royalty Fee or Brand Development Fund Contribution that is not received by Franchisor when due or the highest rate allowed by law, whichever is lower, from the date payment is due to the date payment is received by Franchisor, regardless of any subordinate agreement that may be in effect to postpone payment of fees.

## **E. Gross Revenues**

The term "**Gross Revenues**," as used in this Agreement, shall mean all sales and other income (recognized on an accrual basis), whether cash or credit or barter for exchange (regardless of the collection in the case of credit), arising from the operation of the Franchised Business, less (i) all refunds and discounts made to customers in good faith and in accordance with Franchisor's policies, and (ii) any sales or excise taxes that are separately stated and that Franchisee may be required to and does collect from customers and pays to any federal, state, or local taxing authority.

## **F. Method of Payment**

Franchisee agrees to remit fees and any other amounts due to Franchisor hereunder via virtual check debt or other means as Franchisor may stipulate. Franchisee agrees to execute and deliver to Franchisor an authorization for electronic transfer of funds for direct debits from Franchisee's business bank operating account and to comply with procedures specified by Franchisor and perform such acts as may be necessary to accomplish payment by electronic fund transfer. Franchisee authorizes Franchisor to initiate debit entries and/or correction entries to a designated checking account for payment of royalties or any other fees and amounts payable to Franchisor, including, but not limited to, attorney fees and interest. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment, therefore. If Franchisee has not timely reported Franchisee's Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized to debit Franchisee's account in an amount equal to 125% of the Royalty Fees and other fees and amounts payable by Franchisee for the last reporting period for which a statement of operations was received from Franchisee. Nothing contained in this paragraph shall be construed to waive Franchisee's obligations to submit any reports, records, or other materials required by this Agreement or waive any remedy available to Franchisor for Franchisee's failure to make timely payments.

## **G. Taxes**

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

## **H. Technology Fee**

Franchisee shall pay Franchisor a technology fee, in an amount that Franchisor reasonably determines, which is currently set at \$595 per month ("Technology Fee"), for access to and use of certain technology, training LMS systems, and other training materials, as well as and access to the local marketing library, a scheduling system, payment processor, sales and financial reporting, franchise portal, benchmarking platform or other operations systems. In Franchisor's sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the software and technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto.

## **I. Memberships and Subscriptions**

Franchisee must participate in all membership and subscription services that franchisor requires and pay all dues associated with such programs and memberships.

## **J. Initial and Ongoing Inventory**

Before and after opening, Franchisee must purchase, at its sole expense, from Franchisor, or its approved supplier Franchisor's an initial inventory of chemicals and equipment, as well as all cleaners and personal protective equipment ("PPE") for the first three months of operations. The costs of the Starter Kit for a single trailer rig range between \$5,000 and \$7,000 as the prices may fluctuate depending on then-current

market conditions. The cost of the Starter Kit is fully earned upon payment and non-refundable. You must purchase a Starter Kit for every unit that you will operate.

During the Term, Franchisee must maintain required levels of inventory and supplies as mandated by Franchisor. The cost of the initial inventory and starter kit are fully earned upon payment and non-refundable.

**K. Proprietary Software**

Prior to opening, Franchisee must purchase Franchisor's DR Proprietary CRM Software ("DR Software") which is our all-encompassing software that includes sales reporting, lead source reporting, invoicing, quoting, estimating, quote templates, contracts, and customer data sheets. Franchisee must pay Franchisor a one-time \$500 set-up fee for DR Software, plus an additional \$1785 representing your first three months of DR Software payments of \$595 per month. These amounts are fully earned and not refundable upon payment and subject to change.

**L. Administrative Fee**

Franchisee shall pay Franchisor an administrative fee of four (4%) percent of Gross Revenue per week ("Administrative Fee") for Franchisor assistance with Franchisee's accounting needs, tax filings, payroll facilitation, marketing support, and a dedicated operations and support team, subject to the minimum payments as described below. For purposes of calculating the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. The weekly minimum Administrative Fee is One Hundred Twenty Dollars (\$120) per week.

**M. Credit Card Processing Fee**

Franchisee shall pay Franchisor a fee of 3.5% of total amount debited if we debit your credit card for royalty or certain other fees.

**N. Overdraft/Returned Payment Fee**

Franchisee shall pay Franchisor a fee of \$50 per occurrence for any ACH or automatic debit payments that are returned or refused processing.

**O. Autosist Charge**

Franchisee shall pay an autosist charge of one hundred dollars (\$100) per month ("Autosist Charge") for access to and use of certain GPS and preventive maintenance software for equipment. In Franchisor's sole discretion, Franchisor may replace the software and technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto.

**IV. OPENING OF FRANCHISED BUSINESS**

**A. Site**

Franchisee shall solely operate the Franchised Business from a flex warehouse space (the "Site") that is approved by and meets Franchisor's then-current site requirements (Site) and is identified

in Exhibit 1 to this Agreement. Franchisee acknowledges and agrees that Franchisor's approval of the Site is solely based upon the Site conforming to System Standards and is not intended as and should not be interpreted as an opinion, Testament, or assurances regarding the success or profitability of the specific Site.

Franchisee may relocate the Site of the Franchised Business so long the new Site meets Franchisor's then-current Site requirements and is approved by Franchisor and Franchisee reimburses Franchisor for any costs and expenses incurred by Franchisor in the Franchised Business relocation.

### **B. Time to Open**

Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Training Program, as further set forth in Article V, (ii) hire and train staff, if required, (iii) acquire a vehicle, equipment, tools, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iv) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening. Franchisee's failure to open the Franchised Business and commence operations within 180 days following the Effective Date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

### **C. Notice and Franchisor's Final Inspection Approval**

In connection with the opening of the Franchised Business, Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes first to open the Franchised Business for business. Franchisee agrees not to open Franchised Business without first obtaining Franchisor's final written inspection approval.

## **V. TRAINING AND ASSISTANCE**

### **A. Initial Training**

Prior to opening the Franchised Business, Franchisee and/or Franchisee's Designated Manager if Franchisee is an entity, shall attend and successfully complete, to Franchisor's satisfaction, the initial training program (the "Initial Training Program") offered by Franchisor at a location designated by Franchisor. The Initial Training Program is offered tuition free regardless of the number of attendees. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attends and successfully completes, to Franchisor's satisfaction, the Initial Training Program. Franchisee and your Franchised Business Designated Manager must attend and successfully complete to Franchisor's satisfaction the Initial Training at least one (1) week but not more than six (6) weeks before the opening of the Franchised Business. You must pay for all travel, lodging, and other costs of Initial Training attendance. Thereafter, we may charge a fee for attendance of the Initial Training for new and replacement managers.

Franchisee acknowledges that the grant of the franchise under this Agreement is conditioned upon the successful completion of Franchisor's initial training program by Franchisee or if Franchisee is other than an individual, the Designated Manager. If, during the course of the initial training program or within fifteen (15) days thereafter, Franchisor concludes that Franchisee or the Designated Manager, as the case may be, has not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to successfully operate a Door Renew Franchised Business in accordance with the standards and procedures of the Door Renew Methods and the System, Franchisor may, in its sole discretion and judgment, cancel this Agreement and all rights hereunder by giving notice to Franchisee. Upon the cancellation of this Agreement pursuant to this paragraph, Franchisee shall return to Franchisor the Operating Manual and all other materials, information, and other items that Franchisee received from Franchisor, including all copies thereof and notes thereon. Franchisee agrees to maintain the confidentiality of all information strictly received relating to the Door Renew Method and not to use, in connection with the offering or selling of restoration and door replacement, or similar business, any trade secrets or confidential information obtained from Franchisor.

### **B. Training of Replacement Personnel**

If Franchisee or the Designated Manager fail to complete the Initial Training Program to Franchisor's satisfaction, the respective persons may repeat the course, or, in the case of a new or replacement employee or attendee, Franchisee may send a replacement (the "Replacement Personnel") to the next available training session. Franchisor may charge its then-current training tuition fee for such Replacement Personnel to attend the Initial Training Program. Failure by Franchisee, an employee, attendee, or any Replacement Personnel to complete the Initial Training Program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

### **C. Ongoing Training**

Franchisor may also require that Franchisee and/or its Designated Manager, employees, and contractors attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time. Failure to attend mandatory training, including an annual conference or business meeting, is a default under this Agreement. If Franchisor fails to attend any mandatory training program, Franchisee is required to obtain the training at a location Franchisor's designates, at Franchisee's sole cost, which includes tuition at the then-current rate, plus all your travel costs and our trainer's travel costs.

### **D. Annual Meeting**

Franchisor reserves the right to conduct an annual conference and/or convention for all franchisees, and/or System owners and/or System operators, and may require that all franchisees, and/or System owners and/or System operators and/or any Designated Manager attend and participate in this annual event for a period of up to five (5) business days. Franchisor reserves the right to charge Franchisee a fee for such meetings. This provision shall not be construed to require Franchisor to hold, provide, sponsor, host, or organize any such meetings.

### **E. Continuing Assistance**

Franchisor will provide Franchisee, at no charge to Franchisee, periodic and continuing advisory assistance with technical, operational, sales, personnel, accounting, or other issues affecting the day-to-day operation of the Franchised Business in such manner and frequency as Franchisor deems advisable.

### **F. Training Costs**

For all training courses, seminars, and programs, Franchisor shall provide instructors and training materials, provided that Franchisor reserves the right to charge a fee for a refresher, remedial, and additional training it provides. Said refresher and remedial courses are currently set at \$300 per day plus travel expenses, and additional training, or training for new or replacement initial training attendees is currently set at \$300 per day plus travel expenses. Franchisee shall bear the cost of all other expenses for its attendees during the training period, including, without limitation, the costs of transportation, lodging, meals, wages, and workers' compensation insurance.

## **VI. SYSTEM STANDARDS**

### **A. Standards**

Franchisee acknowledges and agrees that every detail of the System is important, not only to Franchisee but also to Franchisor and other Door Renew franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services offered by all franchisees, to establish and maintain a reputation for uniform, efficient, high-quality products and services, and to protect the goodwill of all Door Renew franchises. Franchisee further acknowledges and agrees that a fundamental requirement of the System, this Agreement, and other Door Renew franchises are adherence by all Franchisees to the uniform specifications, standards, operating procedures, and rules prescribed by Franchisor for the development and operation of the Franchised Business (collectively referred to as System Standards). Accordingly, Franchisee agrees to comply with each and every System Standard, as periodically modified and supplemented by Franchisor in its sole and absolute discretion, during the term of this Agreement. Franchisee further agrees that System Standards prescribed from time to time in the Operating Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth in this Agreement. All references to this Agreement include all System Standards as periodically modified.

Franchisee agrees to comply with System Standards and not to deviate from Franchisor's specifications or procedures. In addition to all other remedies provided herein or otherwise, if franchisee fails to adhere to the System Standards or Franchisee is found in violation of the System Standards, Franchisee shall reimburse Franchisor for any and all cost and expenses associated with counsel, inspection, support, assistance, enforcement rendered to and against Franchisee regarding said System Standards violation and/or non-compliance.

### **B. Designated and Approved Suppliers**

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase all supplies, equipment,

marketing materials, and other products and materials required for the operation of the Franchised Business as the Franchisor designates from time to time solely from Franchisor, Franchisor's affiliates, and/or any vendors and suppliers designated by Franchisor ("Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue and other material consideration on any products and/or services that Franchisor, Franchisor's affiliates and/or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Operations Manual or any other manner Franchisor deems appropriate.

### **C. Supplier Approval**

If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval or shall request the supplier itself to do so. Such request shall include the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent certified laboratory designated by Franchisor, for testing, and the actual cost of the tests shall be paid by Franchisee or the supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within forth-five (45) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's criteria. Franchisor may charge a reasonable fee for inspection, review, and approval of suppliers. Franchisor may revoke supplier approval at any time for any reason upon notice to the franchisees.

### **D. Products and Services**

Franchisee shall offer and sell all products and services, and only those products and services authorized by Franchisor and specified in the Operating Manual or as designated in writing by Franchisor (the "Permitted Products and Services"). Franchisor may unilaterally add and delete products or services to or from the Permitted Products and Services at any time. Franchisor may also designate any products or services as optional. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Permitted Products or Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such

certification, at Franchisee's sole expense, prior to providing these specialized Permitted Product and Services.

#### **E. Pricing**

Subject to state law, Franchisor has the right to provide recommended and suggested pricing for the Franchised Business products and services.

#### **F. Promotions**

Franchisee shall fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional, and other programs, initiatives, and campaigns adopted by Franchisor that Franchisor requires Franchisee to participate in.

#### **G. Equipment and Inventory.**

Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles (each wrapped in accordance with Franchisor's specifications), equipment, tools, supplies, and inventory as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory, including Franchisor's proprietary products and other equipment and supplies used at project sites, as required by Franchisor to adequately meet consumer demand. Franchisor reserves the right to require Franchisee to invest in additional infrastructure and/or equipment and staffing requirements, as may be set forth more specifically in the Operations Manual or otherwise in writing, to ensure adequate brand servicing in the Territory.

#### **H. Maintenance Standards**

Franchisee shall at all times maintain the Franchised Business and all equipment in a high degree of cleanliness, repair, and condition, and in connection therewith and 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 repair or replacement of obsolete furnishings, fixtures, equipment, and signs as Franchisor may direct.

#### **I. Refurbishing**

Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's computer system, required software, vehicle(s), trailer(s), equipment, tools and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Site or vehicles and trailers in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the Site or Franchisee's vehicles and rigs or other equipment, does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice Franchisor shall have the right, in addition to all other remedies,

to enter upon the premises of the Site and affect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

#### **J. Variance**

Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege to vary System Standards for any Door Renew Franchisee based upon any condition that Franchisor deems to be of importance to the successful operation of such franchisee's business.

### **VII. FRANCHISED BUSINESS OPERATIONS**

#### **A. Business Operation**

After opening, Franchisee shall maintain the Franchised Business in continuous operation during all normal business hours as provided for in the Operating Manual during the term of this Agreement. Franchisee shall use its best efforts to promote and develop the market for the Permitted Products and Services. The Franchised Business must at all times be under the direct supervision of Franchisee or the Designated Manager, who must devote his/her full time and energy to the operation of the Franchised Business is approved by Franchisor and has successfully completed Franchisor's initial training.

#### **B. Inspection**

To ensure compliance with this Agreement and System Standards, Franchisor or its designated agents have the right, at any reasonable time and without prior notice, to (i) inspect the Franchised Business; (ii) observe Franchisee, the Designated Manager and the Franchised Business's employees during the performance of work; (iii) confer with the Franchisee, the Designated Manager and the Franchised Business's employees; (iv) contact and interview customers and suppliers/distributors of Franchisee; (v) inspect, inventory, and check any and all inventory, equipment, signage, fixtures, furniture and operating methods of the Franchisee; (vi) test products and supplies; and (vii) conduct online or other surveys and secret shoppers, including recorded and interviews. Franchisor may require that Franchisee furnishes its customers with an evaluation form specified by the Franchisor pre-addressed to the Franchisor. Franchisee agrees to fully cooperate with representatives of the Franchisor, making any inspection or observing or evaluating the work of Franchisee or its employees. If any inspection conducted by Franchisor or its designee reveals that the Franchised Business fails to meet System Standards, Franchisor may charge the then-current standard re-inspection fee. Franchisee's failure to achieve or exceed System Standards in two (2) inspections in any twenty (24) month period is a material breach of this agreement, for which Franchisor, in addition to its other legal and equitable remedies, may terminate this Agreement, refuse to renew the Franchise granted under this agreement, or reduce the geographic size of the Territory.

#### **C. Minimum Performance Standard**

Franchisee acknowledges and agrees that in order to remain in good standing and maintain the Territory right granted hereunder, the Franchised Business must achieve Two Hundred Thousand Dollars (\$200,000) in Gross Revenue per year in each of the 3<sup>rd</sup> through 5<sup>th</sup> years of operations

and Three Hundred Thousand Dollars (\$300,000) in Gross Revenue per year in each of the 6<sup>th</sup> through 10<sup>th</sup> years of operations. Failure to meet the Minimum Performance Standards is a material default of this Agreement, and Franchisor may grant a franchise to another to open a Door Renew Business within the Territory.

Franchisee acknowledges that the Minimum Performance Standard amounts do not constitute and are not in the nature of “earnings claims” or “financial performance representations.” Franchisor disclaims any representation, warranty, or guarantee that Franchisee can or will achieve levels of sales necessary to comply with the Minimum Performance Standard amounts above, or any other level or range of sales, income, or other measures of performance. As a practical business matter, Franchisor is unable to reliably estimate or predict the future financial or other results of any Door Renew Franchisee and is unable to estimate or predict Franchisee's potential results reliably.

#### **D. Payment of Liabilities**

Franchisee shall at all times pay its distributors, lessors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such persons become due and holds Franchisor harmless therefrom. Franchisee’s failure to do so shall constitute a breach of this Agreement. In the event Franchisee shall fail to pay any such obligations promptly as the debts to such persons or entities become due, Franchisor shall, in addition to its other remedies provided in this Agreement, have the right, at its election and without being obligated to do so, to pay such obligations and the amount or amounts paid therefore shall be paid by Franchisee to Franchisor with the next succeeding payment due Franchisor under this Agreement, together with interest at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

#### **E. Payment of Taxes**

Franchisee shall at all times pay its taxes on real and personal property, leasehold improvements, and fixtures and equipment, and all sales, payroll, and other taxes promptly when due and hold Franchisor harmless therefrom. Franchisee’s failure to do so shall constitute a breach of this Agreement. All taxes shall be paid directly to the taxing authorities prior to the delinquent date. If any taxes become delinquent, Franchisor may elect to pay the delinquent tax on behalf of Franchisee, together with penalties and interest, if any, and Franchisee agrees, upon demand of Franchisor, to reimburse Franchisor for any sums so paid by Franchisor, together with interest at the rate of eighteen percent (18%) per annum, or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

#### **F. Compliance with Law**

Franchisee agrees to comply with all laws, regulations, and requirements of federal, state, municipal, and other governmental entities and agencies (including, but not limited to, Title VII of the Civil Rights Act, the OSHA, the ADA, the Age Discrimination in Employment Act, and any other federal, state or local employment laws relating to occupational hazards and health, consumer protection, employment discrimination, and sexual harassment), and to obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise

necessary to conduct the Franchised Business in any jurisdiction in which it operates. Franchisee agrees and acknowledges that Franchisee alone shall be responsible for compliance with the obligations under this paragraph and that Franchisor shall have no obligation with respect thereto.

### **G. Client Service**

Franchisee acknowledges that client satisfaction is essential to Franchisee's success as well as the reputation and success of the Marks, the System, and other Door Renew franchisees. Accordingly, Franchisee agrees to (i) use its best efforts to ensure the satisfaction of each of Franchisee's customers; (ii) use good faith and fair dealing in all dealings with customers, potential customers, suppliers, and creditors; (iii) respond to client complaints in a courteous, prompt, and professional manner; and (iv) use its best efforts to resolve client disputes promptly and fairly in a mutually agreeable manner. If Franchisee fails to resolve a dispute with a client, for any reason whatsoever, Franchisor, in its sole discretion, may (but shall not be obligated to) investigate the matter and require Franchisee to take such actions as Franchisor deems necessary or appropriate to resolve the dispute fairly and promptly. Nothing contained in this Section, or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

Franchisee agrees to participate in and fully comply with any customer warranty or guaranty, or customer satisfaction program Franchisor may establish from time to time.

## **VIII. ORGANIZATION, MANAGEMENT AND STAFFING**

### **A. Non-Individual Franchisee**

If Franchisee is other than an individual, it shall comply with the following requirements prior to its execution of this Agreement:

1. Franchisee shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;

2. Franchisee, prior to the execution of this Agreement, shall have provided Franchisor with written information as to each shareholder, member or partner of Franchisee ("Principals"), and the interest of each and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;

3. All Principals of Franchisee shall enter into a personal guaranty, in the form attached hereto as "Exhibit 2", agreeing to be personally bound by and unconditionally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor;

4. Each ownership certificate of Franchisee, if any, shall have conspicuously endorsed upon its face the following legend:

"The transfer, sale, or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Door Renew dated \_\_\_\_\_."

5. Copies of Franchisee's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and

6. Franchisee's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

### **B. Designated Manager & Designated Sales Person**

If Franchisee is other than an individual, prior to beginning the initial training program, Franchisee shall designate, subject to Franchisor's approval, an individual (the "**Designated Manager**") who shall be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee. Criteria for Franchisor's approval of the Designated Manager may include completion of the Franchisor's initial training and other criteria as stipulated by Franchisor. Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager to have been given, by Franchisee, decision-making authority and responsibility regarding all aspects of the Franchised Business. In the event that the person designated as the Designated Manager dies, becomes incapacitated, leaves Franchisee's employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee shall promptly, but no event later than forty-five (45) days, designate a new Designated Manager, subject to Franchisor's approval. Franchisee must also hire a dedicated salesperson who will be responsible for selling Permitted Products and Services within the Territory, networking with businesses in the community, implementing Franchisor's sales programs, and being responsible for growing the local business.

### **C. Franchised Business Staff**

Franchisee shall maintain a competent, conscientious, trained staff (who shall have been adequately trained per Franchisor Standards) in numbers sufficient to service customers promptly and properly, including at least a trained manager (or other trained supervisory employees in accordance with the Operating Manual) on duty at all times at which the Franchised Business is open (including daily Franchised Business opening and closing procedures), and take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

### **D. Compliance with the USA Patriot Act**

Franchisee certifies that neither Franchisee nor any of its Affiliates, Principals, employees, or other persons associated with Franchisee is an Embargoed Person. Franchisee shall not hire or have any dealings with an Embargoed Person or permit an Embargoed Person to hold an Ownership Interest in or position as a director or officer of Franchisee. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or any of its Affiliates, Principals, employees, or other persons associated with Franchisee being an Embargoed Person. Franchisee shall comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws. In connection with that compliance, Franchisee

certifies, represents, and warrants that none of its property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that Franchisee and its Affiliates and Principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities so stated in this agreement include Franchisee’s obligations under this paragraph. Any misrepresentation by Franchisee under this paragraph or any violation of the Anti-Terrorism Laws by Franchisee, its Affiliates, Principals or employees, will constitute grounds for immediate termination of this Agreement and any other agreement between any Franchisor-Related Person and Franchisee or any of its Affiliates, Principals or employees.

## **IX. COMMUNICATIONS AND INFORMATION SYSTEMS**

### **A. Computer System**

To ensure the efficient management and operation of the Franchised Business and the transmission of data to and from Franchisor, Franchisee, at its own expense, shall install, prior to opening the Franchised Business, and shall maintain and utilize during the term of this Agreement, such communication and information system as may be specified by the System Standards from time to time.

1. As used in this Agreement, the term communication and information system shall mean hardware (including without limitation one or more computers and/or other computer components); software designated for the management and operation of the Franchised Business, as well as reporting and sharing information with Franchisor; and communication systems (including, without limitation, digital and analog modems, satellite, cable, and other systems).

2. Franchisee shall use communication and information system as designated by Franchisor and as may be so required lease and/or purchase its communication and information system only from Franchisor Approved vendor or vendors or suppliers. Franchisee shall not install, or permit to be installed, any devices, software, or other programs not approved by Franchisor for use with the communication and information system.

3. Franchisor may, from time to time, develop or authorize others to develop proprietary software programs for use in the System, which Franchisee may be required to purchase and/or license, and use, in connection with the Franchised Business. Franchisee agrees that it shall execute any license, sublicense, or maintenance agreement and pay any applicable fees required by Franchisor or any other approved licensor or approved vendor of such proprietary software programs.

4. If required by Franchisor, Franchisee shall obtain and maintain a contract with a vendor that Franchisor has approved in writing for software maintenance, support, and upgrade services for Franchisee’s communication and information system and to provide Franchisee with such assistance as Franchisee and Franchisee’s employees may require. Franchisee acknowledges that Franchisor may be one of or the only approved vendor for such services, and if Franchisee obtains these services from Franchisor, then Franchisee agrees that it shall pay Franchisor the maintenance fee and help desk fee specified by Franchisor for such services. Notwithstanding these rights of Franchisor, Franchisor shall not at any time be obligated to provide any such

services or support for the hardware or software used in the communication and information system.

5. Franchisee shall upgrade and update its communication and information system in the manner and when specified by Franchisor in writing.

6. Franchisee shall have the sole and complete responsibility for the manner in which Franchisee's communication and information system interfaces with other systems, including those of Franchisor and other third parties, as well as any and all consequences that may arise if Franchisee's communication and information system is not properly operated, maintained, and upgraded.

7. Franchisee shall: (a) promptly enter, into its communication and information system, and maintain all information required to be entered and maintained by Franchisor; (b) provide to Franchisor such reports as Franchisor may request from the data so collected and maintained, and (c) permit Franchisor to access Franchisee's communication and information system at all times via modem or other means specified by Franchisor from time to time. Franchisee shall cooperate with Franchisor and shall execute all documents required by Franchisor to permit access to Franchisee's communication and information system and data contained therein. The reporting requirements set forth in this Section shall be in addition to and not in lieu of the reporting requirements set forth otherwise in this Agreement.

8. Any and all data collected or provided by Franchisee, downloaded from Franchisee's communication and information system, and otherwise collected from Franchisee's system by Franchisor and/or provided to Franchisor is and shall be owned exclusively by Franchisor, and Franchisor shall have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee, including, but not limited to, the disclosure or distribution of such information to other franchisees of Franchisor, or the disclosure of such information to prospective franchisees of Franchisor, by inclusion in Franchisor's franchise disclosure document or otherwise; however, Franchisee is hereby licensed (without any additional fee) to use such data solely for the purpose of operating the Franchised Business, and such license shall automatically and irrevocably expire when this Agreement terminates or expires, without additional notice.

## **B. Email and Telephone**

Franchisee shall maintain telephone lines and features for use exclusively by the Franchised Business as required by Franchisor in the Operating Manual or otherwise communicated to Franchisee from time-to-time.

1. Prior to opening the Franchised Business and thereafter at all times during the term of this Agreement, Franchisee shall obtain and maintain an e-mail account as specified by Franchisor that is capable of receiving and sending attached files of a size specified by Franchisor in the Operating Manual or otherwise communicated to Franchisee from time-to-time, along with an internet connection via a commercial internet service provider.

2. Franchisor shall have the right, but not the obligation, to establish a Web Site and/or other electronic system providing private and secure communications (e.g., an extranet) between

Franchisor, Franchisee, other franchisees, and other persons and entities as determined by Franchisor, in its sole discretion. If required by Franchisor, Franchisee shall establish and maintain access to the extranet in the manner specified by Franchisor and shall, from time to time, execute such agreements and/or acknowledge and agree to comply with such policies concerning the use of the extranet as Franchisor may prepare.

## **X. RECORDS AND REPORTS**

### **A. Records**

During the term of this Agreement, Franchisee shall maintain and preserve, for at least seven (7) years from the date of their preparation, full, complete, and accurate books and records of accounts, prepared in accordance with generally accepted accounting principles, and client files and records pertaining to the Franchised Business granted pursuant to this Agreement, all in the form and manner prescribed by Franchisor in the Operating Manual or otherwise in writing. In connection with its maintenance of such accounts and records, Franchisee, at its expense, shall:

1. Submit to Franchisor, on or before the Tuesday of the week during the term of this Agreement, a Gross Revenue Report and statement of operations in the form prescribed by Franchisor and certified by Franchisee or the Designated Manager, accurately reflecting Franchisee's Gross Revenues and the results of operations of the Franchised Business, respectively, during the preceding period, along with such other data or information as Franchisor may require.

2. Submit to Franchisor monthly, quarterly, and/or annual financial reports, including balance sheets, cash flow statements, profit and loss statements, and other reports as required by Franchisor. All reports shall be submitted timely in accordance with Franchisor's schedule, and all reports shall be certified by Franchisee or the Designated Manager to accurately reflect, respectively, the financial condition of the Franchised Business.

3. Submit to Franchisor signed copies of the federal income tax returns for the previous tax year, as filed with the Internal Revenue Service, of Franchisee and of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty percent, on or before April 30 of each year, or, if the taxpayer has received an extension of time to file and submits to Franchisor a signed, file-stamped copy of IRS Form 4868 or 2688, as applicable, then within fifteen (15) days after the final due date for such return, but in no event later than October 30th.

4. Submit to Franchisor, for review or auditing, such other forms, reports, bank statements, client files, records, information, and data as Franchisor may designate, in the form and at such times and places as Franchisor may request.

5. Purchase and install such equipment as Franchisor may require automating the reporting of financial information and payment of recurring fees pursuant to this Agreement,

including, but not limited to, internet or intranet reporting and pre-authorization of electronic fund transfer or bank debit.

## **B. Franchisor Audits and Inspection**

At all times during the term of this Agreement and for a period of three (3) years after the termination or expiration of this Agreement, Franchisee covenants and agrees to permit Franchisor or its designated agents at all reasonable times to examine, at Franchisor's expense and at such location as Franchisor may reasonably select, Franchisee's books and records of accounts, bank statements, canceled checks, client files, federal, state, and local income tax, sales and use tax, and payroll tax returns, the federal income tax returns of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty percent, and any other information or records pertaining to the Franchised Business (collectively referred to as Franchisee's Business Records). If such an inspection should reveal that Gross Revenues have been understated in any report to Franchisor, then Franchisee shall immediately pay the amount of Royalty and other fees and amounts due with respect to such understatement plus the late fees and interest at prime (as stated in the Wall St. Journal) plus 3% per year plus the cost of the audit. In addition, if the audit is initiated due to franchisee's non-compliance with the terms herein or the Operating Manual or if an inspection reveals an understatement of Gross Revenues of three percent (5%) or more for any monthly period so inspected, or if an inspection is prompted by Franchisee's failure to maintain any records or to timely submit any report or other information required by this Agreement, then Franchisee shall also reimburse Franchisor for any and all costs and expenses of such inspection (including, without limitation, wages paid by Franchisor to its employees, travel expenses, and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. Franchisor shall also have the right, at any time, to have an independent audit made of Franchisee's Business Records.

## **XI. INDEMNIFICATION AND INSURANCE**

### **A. Indemnification**

Franchisee is responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership, and operation of the Franchised Business and all claims or demands for damages to property or for injury, illness, or death of persons, directly or indirectly arising out of, or in connection with, possession, ownership or operation of the Franchised Business or the actions or omissions of Franchisee, its employees, officers, managers, representatives, and agents. Franchisee shall provide written notice to Franchisor of any and all demands for damages, claims, civil, administrative, or regulatory suits, complaints, or action, demands for arbitration, mediation, filed against Franchisee or Franchisee's owners, employees, or agents no more than 14 days from service of any of the aforementioned.

Franchisee agrees to indemnify, hold harmless and, at the Franchisor's request, defend the Franchisor and its affiliates and franchisees, and their agents, employees, attorneys, successors, and assigns against any and all claims, suits, demands, losses, damages, or liabilities, and all related expenses, including reasonable attorneys' fees and court costs, which directly or indirectly arising out of, in connection with, or as a result of possession, Franchisee's ownership or operation of the Franchised Business or the acts or omissions of Franchisee. This indemnity obligation will continue in full effect even after the expiration, transfer, or termination of this Agreement. The

Franchisor's right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on the Franchisor by statute, ordinance, regulations, or other laws.

## **B. Insurance**

Franchisee must obtain and provide Franchisor with evidence of insurance in at least the minimum amounts and with the coverages specified in the Operating Manual or otherwise by Franchisor. Evidence of this insurance must be initially provided before beginning the operation of the Franchise Business. Certificates of renewal must be provided no later than 10 days before the expiration date of each policy. If Franchisee does not provide the Franchisor with evidence of any required insurance policies at any due date, Franchisor may purchase that insurance at the Franchisee's expense. Franchisee shall reimburse Franchisor on demand for Franchisor's cost in obtaining this insurance together with interest at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee. Each required policy of liability insurance must name Franchisor as an additional insured and must provide that Franchisor will be given at least 30 days' notice before cancellation, modification, or amendment of the policy.

## **XII. PROPRIETARY MARKS**

### **A. Use by Franchisee**

Franchisee's right to use the Marks as granted in this Agreement is limited to their use in connection with the operation of the Franchised Business within the Territory and otherwise as described herein and as set forth in the Operating Manual or as may be prescribed in writing by Franchisor from time to time.

### **B. Exclusive Property of Franchisor**

Franchisee acknowledges Franchisor's right, title, and interest in and to the Marks, along with the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in the System are exclusive to Franchisor. Except as expressly provided by this Agreement, Franchisee shall acquire no right, title, or interest therein, and any and all goodwill associated with the system and the Marks shall inure exclusively to Franchisor's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the system or the Marks.

### **C. Infringement by Franchisee**

Franchisee acknowledges that the use of the Marks outside of the scope of this Agreement without Franchisor's prior written consent is an infringement of Franchisor's rights, title, and interest in and to the Marks. Franchisee expressly covenants that during the term of this Agreement and after the expiration or termination hereof, Franchisee shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the Marks or take any other action in derogation thereof.

#### **D. Infringement by Others**

Franchisee shall promptly notify Franchisor of any use of the Marks or any colorable variation thereof by any person or legal entity other than Franchisor or any of its representatives and agents or other Franchisees, or any other mark in which Franchisor has or claims a proprietary interest. Franchisee further agrees to notify Franchisor promptly of any litigation instituted by any person or legal entity against Franchisor or Franchisee involving the Marks. In the event Franchisor, in its sole discretion, undertakes the defense, prosecution, or settlement of any litigation relating to the Marks, Franchisee agrees to execute any and all documents and to render such assistance as may, in the opinion of Franchisor, be reasonably necessary to carry out such defense, prosecution or settlement. In the event that any party demonstrates, to Franchisor's sole satisfaction, a superior right to use any of the Marks, Franchisee shall, upon demand by Franchisor, discontinue its use of such Mark(s) and adopt, at Franchisee's sole cost and expense, any Mark(s), if any, selected by Franchisor to replace such discontinued Mark(s).

#### **E. Improper Use**

Franchisee shall not use any of the Marks, or any derivative or a colorable variation thereof: (i) as part of Franchisee's corporate or other legal names; (ii) on or as part of any Website, domain name, URL, web page, Social Media site, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines, or other similar services (without Franchisor's prior written consent); (iii) with any prefix, suffix (including, but not limited to, the word "Inc. or LLC"), or other modifying words, terms, designs, or symbols; or (iv) in any modified form. "Social Media" shall mean any social media site, which shall include, without limitation, Facebook, TikTok, LinkedIn, YouTube, Instagram, Twitter/X, Plaxo and Pinterest. Franchisee shall not register any of the Marks, or any derivative or a colorable variation thereof, as a service mark, trademark, or internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefore or that may harm, tarnish, or impair Franchisor's reputation, name, services or Marks. The provisions of this paragraph shall survive the expiration, termination, or cancellation of this Agreement.

#### **F. Non-exclusive Use**

Franchisee expressly acknowledges and agrees that this license to use the Marks is non-exclusive, and Franchisor has and retains the rights, among others:

1. To grant other licenses for the use of the Marks, in addition to those already granted to existing franchisees and to Franchisee; and
2. To develop and establish other systems and programs utilizing the same or similar Marks, or any other proprietary marks, and to grant franchises therein without granting Franchisee any rights therein;

#### **G. Use by Others**

Franchisee shall not permit any third party to imprint the Marks on any products, materials,

documents, and supplies utilized by Franchisee in connection with the operation of the Franchised Business without first obtaining the consent of Franchisor and causing such third party to execute a license agreement as specifically provided for in this Section of this Agreement.

#### **H. Modification of Marks**

Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

### **XIII. CONFIDENTIAL INFORMATION**

#### **A. Confidential Information**

Confidential Information hereby includes, without limitation, any and all confidential, proprietary, and trade secret information relating to the operation of a Franchised Business, such as: all financial, operational, technical and marketing information; the Operating Manual and Franchisor's System policies or procedures, and franchising materials, brochures, marketing plans, forecasts, and related information; cost data; pricing information; business plans; financial records and results of Franchisor's operations and other persons or entities operating a Franchised Business; photographs, devices, samples, models, and illustrations; software developed by or for Franchisor; customer lists and any information relating to Franchisor's customers or the customers of other System franchisees; patent, trademark, service mark, and copyright applications; information relating to inventions, discoveries, software and any other research and development information; methods of conducting the Franchised Business developed by Franchisor or other franchisees, and any forms, memoranda, outlines, protocol, presentations, proposals, software, or other documents or information related to such methods; any information of a customer not generally known or available to the public; any trade secrets (including, but not limited to, components of the System, product marketing and promotional techniques, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers) ), or of a customer of Franchisor, or of any other franchisee; and any information about or originating from any Franchisee which, if it was information of Franchisor, are expressly deemed Confidential Information pursuant to the foregoing (collectively, "Confidential Information"). Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

#### **B. Nondisclosure**

During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, as defined in Section XII.A. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information

to Franchisor immediately and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.

### **C. Business Operations**

In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under the Marks, Franchisee shall conduct its operations hereunder in accordance with Franchisor's Operating Manual, as the same may be amended or modified from time to time.

### **D. Employees and Subcontractors**

All of Franchisee's employees and subcontractors must execute covenants that they will maintain the confidentiality of information they receive in connection with their employment or engagement by Franchisee at the Franchised Business. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as "Exhibit 3" to this Agreement. Employee non-compete and restrictive covenant agreements must include, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

### **E. Modification**

Franchisor shall have the right to add to or otherwise modify the Operating Manual from time to time to reflect changes in any of the System Standards, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Without limiting the generality of the foregoing, Franchisor may, during the term of this Agreement, require Franchisee to modify, enhance and/or replace all or any part of Franchisee's communication and information system at Franchisee's expense, and Franchisee agrees to acquire (or acquire the right to use for the remainder of the term of this Agreement), after receipt of written notice from Franchisor, the modified, enhanced or replacement version of the communication and information system specified by Franchisor. Franchisee further agrees to take all other actions as may be necessary to enable the modified, enhanced, or replacement communication and information system to operate as specified by Franchisor. Any such modifications, enhancements, and replacements may require Franchisee to incur costs to purchase, lease, and/or license new or modified computer hardware and/or software or other equipment and to obtain different and/or additional services and support services during the term of this Agreement. Franchisee acknowledges that Franchisor cannot estimate the costs of future maintenance, enhancements, modifications, and replacements to the communication and information system or other items and that such maintenance, enhancements, modifications, and replacements required by Franchisor may involve additional investment by Franchisee during the term of this Agreement. Franchisee shall at all times ensure that its copy of the Operating Manual is kept secure, current, and up to date, and in the event of any dispute as to the contents of the Operating Manual, the terms of the master copy of the Operating Manual maintained by Franchisor at Franchisor's home office shall be controlling. Upon Franchisor's request, Franchisee will cooperate in the efficient return of all Operating Manuals that have been identified by the Franchisor as obsolete.

## **F. Use of and Improvements to the Method**

In order to assure maximum uniformity of quality and service in all treatments provided by all Door Renew employees and staff, Franchisee agrees to follow the procedures prescribed by Door Renew methods strictly. As Franchisor develops or learns of improvements, enhancements, or innovations in the procedures and techniques embodied in the Door Renew Method, Franchisor will disseminate such information to all franchisees of the system and authorize their use in the Franchised Business. In return and in consideration, therefore, Franchisee agrees that any idea or suggested innovation or variation that may tend to enhance or improve the Door Renew Method that Franchisee develops, discovers, or otherwise becomes aware of during the term of this Agreement shall be submitted to Franchisor for its evaluation for adoption and use, and Franchisee agrees that all proprietary rights to such ideas, innovations, improvements, enhancements, or variations created or acquired by Franchisee or any of its employees shall belong exclusively to Franchisor and may be made available to all Door Renew franchisees.

## **G. Remedies**

Franchisee acknowledges that any failure to comply with this Section will cause Franchisor irreparable injury, and Franchisee consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, specific performance of, or any injunction against a violation of, the requirements of this Section.

## **H. Preservation of Confidentiality**

Franchisee shall require Franchisee's Principals directors, officers, and managers, at the time of the commencement of their association with Franchisee, to execute confidentiality agreements, in a form approved by Franchisor, requiring that all information is proprietary or confidential hereunder that may be acquired by or imparted to such persons in connection with their association with Franchisee be held in strict confidence and used solely for the benefit of Franchisee and Franchisor, at all times during their association with Franchisee and thereafter. Such covenants shall include specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce the same.

# **XIV. ADVERTISING**

## **A. Advertising**

Recognizing the value of advertising and the importance of consistency of advertising and promotion to the furtherance of the goodwill and public image of the System, the parties agree that Franchisor shall conduct, determine, maintain, and administer all general, national, and/or regional advertising funds that are or may hereafter be established pursuant to this Section, and shall have sole discretion over the concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout, and content of all general, national, regional, and local advertising.

## **B. Brand Development Fund**

Franchisor has established and administers a Brand Fund for the common benefit of System franchisees. Franchisee shall pay a Brand Development Fund Contribution of 1% of Gross

Revenues or \$50 per week in year 1; and in year 2 and thereafter \$100 per week, whichever is greater (“**Brand Development Fund Contribution**”) as Franchisor may establish for advertising for the System. The Brand Development Fund shall be maintained and administered by Franchisor as follows:

1. Franchisee agrees and acknowledges that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchisees within the System. Franchisor has the sole right to determine contributions and expenditures from the Brand Development Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, Franchisor will make a good faith effort to expend the Brand Development Fund in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Development Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: the cost of preparing and producing internet, television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting Special Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis or within a region, as the case may be, and that Franchisor is not obligated in administering the Brand Development Fund Contribution to make expenditures for Franchisee that are equivalent or proportionate to Franchisee’s Brand Development Fund Contribution or to ensure that any particular franchise benefits directly or pro-rata from the placement of advertising. The Brand Development Fund will not be used for purposes primarily involving franchise sales; however, Franchisor reserves the right to include “Franchises Available” or similar language and contact information in advertising produced with Brand Development Fund contributions.

2. Franchisor may (but is not obligated to), for each of its company-owned or affiliate owned locations (if any), make Brand Development Fund Contributions to the Brand Development Fund on the same basis as assessments required of comparable franchisees within the System.

3. Franchisee shall contribute to the Brand Development Fund by separate transaction made payable to the Door Renew Brand Development Fund or such other designation as Franchisor may from time to time prescribe. All sums paid by Franchisee to the Brand Development Fund shall be maintained in an account separate from the other money of Franchisor. Such sums shall not be used to defray any of Franchisor’s operating expenses, except for such reasonable salaries, overhead, and administrative, accounting, legal (including, without limitation, the defense of any claims against Franchisor and/or Franchisor’s designee regarding the management of the Brand Development Fund) and other costs, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Brand Development Fund or advertising programs for franchisees and the System, including the costs of enforcing the payment of Brand Development Fund Contributions required under this Agreement and the costs of

preparing a statement of operations. The Brand Development Fund Contribution and its earnings shall not otherwise inure to the benefit of Franchisor.

4. Franchisee acknowledges and agrees that Franchisor reserves the right to have the Brand Development Fund borrow from Franchisor or an affiliate to cover deficits or invest any surplus for future use. Franchisor will keep records of any such borrowing described in this Section.

5. Franchisee agrees that Franchisor (and any designee of Franchisor) shall not have any direct or indirect liability or obligation to Franchisee, the Brand Development Fund, or otherwise with respect to the management, maintenance, direction, administration, or otherwise of the Brand Development Fund. Franchisee further agrees that Franchisor shall not be liable for any act or omission, whether with respect to the Brand Development Fund or otherwise, which is consistent with this Agreement or other information provided to Franchisee, or which is done in subjective good faith. Franchisee and Franchisor, each having a mutual interest and agreeing on the critical practical business importance of his or her relationship being governed solely by written instruments signed by the parties to be bound (and not having either party subject to the uncertainty inherent in the application of legal or other concepts not expressly agreed to in writing by both parties), agree that their rights and obligations with respect to the Brand Development Fund and all related matters are governed solely by this Agreement and that neither this Agreement nor the Brand Development Fund are in the nature of a “trust,” “fiduciary relationship” or similar special arrangement, but is only an ordinary commercial relationship between independent businesspersons for their independent economic benefit.

6. Any Brand Development Fund contributions which are not spent by Franchisor in the calendar year in which they were contributed will be carried over for use by the Brand Development Fund in subsequent year(s). Upon written request, Franchisor will prepare and make available an annual, unaudited statement of contributions and expenditures for the Brand Development Fund within one hundred twenty (120) days of the end of the fiscal year.

7. Although Franchisor intends the Brand Development Fund to be of perpetual duration, Franchisor maintains the right to terminate any Fund. No Fund shall be terminated, however, until all money in the Fund has been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective Brand Development Fund Contributions.

#### 6. Franchise Advisory Council

Franchisee shall participate, at Franchisee’s sole expense, in local, regional, and national franchise advisory committees or councils if established or sanctioned by Franchisor. The Council shall serve in an advisory capacity only and will not have the authority to establish or modify our policies or to direct or control the uses of our Marketing. Franchisor shall have the power to determine membership, the election of Council Officers, and to change or dissolve the Franchise Advisory Committees.

#### 7. Advertising Materials

In addition to any other advertising requirements described in this Agreement, Franchisee shall obtain and maintain an adequate supply of brochures, pamphlets, and special promotional materials of such kind and size as Franchisor may reasonably require from time to time in the Operating Manual or otherwise in writing.

#### 8. Delegation of Franchisor's Duties

Franchisor shall have the right to delegate and redelegate its responsibilities and duties under this Agreement to any designee(s) of its choosing, provided, however, that the right of final approval of all advertising programs shall be retained at all times by Franchisor.

#### 9. Web Site

Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein. In connection with any Website, Franchisee agrees to the following:

1. Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, any or all of the Permitted Products and Services, Door Renew Franchised Business, the franchising of Door Renew Franchised Business, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including, but not limited to, its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor shall also have the right to discontinue the operation of the Website.

2. Franchisee shall not establish a separate Website or Social Media account or page without Franchisor's prior written approval.

3. Franchisor shall have the right, but not the obligation, to designate one or more web pages to describe Franchisee, the Franchise, or the Franchised Business, with such web pages to be located within Franchisor's Web site. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance, and content of any such web pages, and Franchisor shall have the right to limit and discontinue the content and operation of such a Website and web pages.

4. Franchisor shall have the right to modify the provisions of this Section relating to Web sites as Franchisor shall solely determine if it is necessary or appropriate for the best interests of the System.

#### 10. Approval of Advertising

All advertising by Franchisee in any medium shall be conducted in a dignified manner, shall be completely accurate and truthful, shall conform to all applicable laws and regulations relating to consumer advertising and to such standards and requirements as Franchisor may specify from time to time in writing, and shall give notice that the Franchised Business is independently owned and operated. Franchisee shall submit to Franchisor, for Franchisor's prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials (including, but not limited to, signs and vehicles), and all other materials displaying the Marks that

Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Unless Franchisee receives a written objection thereto from Franchisor within fifteen (15) days after the date Franchisor received such plans and materials, Franchisor shall be deemed to have not given the required approval. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business.

#### 11. Copyright to Advertising

Franchisee acknowledges and agrees that any and all copyrights in and for advertising and promotional materials developed by or on behalf of Franchisee which bear the Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other franchisees of Franchisor without any compensation to Franchisee.

#### 12. Regional Advertising

Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts Franchisor requires, in addition to required local advertising expenditures and Brand Development Fund Contributions.

#### 13. Local Digital Advertising

Franchisee shall conduct advertising, promotion, and public relations within the local area to be serviced by the Franchised Business ("Local Advertising"). Franchisee is required to spend at least two thousand five hundred dollars (\$2,500) per month for the first vehicle operated by the Franchised Business, plus an additional one thousand (\$1,000) per month for each additional vehicle operated by the Franchised Business and to adequately penetrate the market for Franchisee's products and services within Franchisee's trading area, including SEO costs, digital advertisements, social media marketing, Google My Business and other digital channels. Upon request, Franchisee shall submit proof of local advertising spend to franchisor by the 5<sup>th</sup> day following the end of each fiscal quarter. Franchisor reserves the right to require Franchisee to direct some or all of its Local Advertising expenditure to marketing vendor(s) Franchisor designates (which may be Franchisor or its affiliates) who will implement Local Advertising on Franchisee's behalf.

#### 14. Grand Opening Advertising

Franchisee acknowledges and agrees that Franchisee must spend at least twenty thousand dollars (\$20,000) on grand opening advertising and promotional activities before opening the Franchised Business and/or during the first three (3) months of operation. Franchisee may choose to spend

more. Factors that may affect Franchisee's decision on the actual amount to spend include local media cost, the location of the Franchised Business, and customer demographics in the surrounding area. Franchisor reserves the right to require Franchisee to direct some or all of the grand opening advertising expenditures to marketing vendor(s) Franchisor designates (which may be Franchisor or its affiliates) who will implement grand opening campaign activities on Franchisee's behalf. Franchisee's Local Digital Advertising for the first three months of operation shall be included in the grand opening advertising spend.

## **XV. TRANSFERABILITY OF INTEREST**

### **A. Transfer by Franchisor**

Franchisor shall have the right to transfer or assign all or any part of its rights and/or obligations herein to any person or legal entity, including a subfranchisor specifically responsible for assisting Franchisee. Franchisee agrees to execute any forms that Franchisor may reasonably request to effectuate any transfer or assignment by Franchisor.

### **B. Transfer by Franchisee**

Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and, if Franchisee is other than an individual, Franchisee's Principals, and that Franchisor has entered into this Agreement in reliance upon the business skills and financial capacity of Franchisee and if Franchisee is other than an individual, Franchisee's Principals. Accordingly, neither Franchisee, nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchise, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest therein or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without the opportunity to cure. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this Franchise; provided, however, that prior to the transfer, Franchisor may, in its sole discretion, require that:

1. All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations related to the Franchised Business shall have been satisfied.

2. The transferor's right to receive compensation pursuant to any agreement for the purchase of any interest in Franchisee or in the Franchised Business shall be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from the transferor or Franchisee pursuant to this Agreement, whether arising before or after the transfer.

3. Unless prohibited by the laws of the state in which Franchisee is located, Franchisee and, if Franchisee is other than an individual, Franchisee's Principals shall have executed a general release in a form satisfactory to Franchisor, effective as of the date of transfer, of any and all claims against Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, partners, members, agents, and employees, in their corporate and individual

capacities, including, without limitation, claims to arise under federal, state and local laws, rules and ordinances.

4. The transferee franchisee shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement prior to and after the date of the assumption.

5. The transferee franchisee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to operate the Franchised Business.

6. The transferee franchisee shall execute Franchisor's then-current form of the franchise agreement and such other ancillary agreements as Franchisor may require for a term ending on the expiration date of this Agreement and with such renewal term(s) as provided in the then-current Franchise Agreement.

7. At the transferee franchisee's expense, and upon such other terms and conditions as Franchisor may reasonably require, the transferee Franchisee, its Designated Manager, and other persons that are normal and customary required to attend training must satisfactorily complete Franchisor's training requirements then in effect for franchisees.

8. Any right of Franchisee to any payments from the transferee franchisee resulting from the transfer shall be subordinate to any claim or right of Franchisor against the transferee franchisee subsequent to the effective date of the transfer, and Franchisee and the transferee Franchisee shall execute any and all instruments reasonably required by Franchisor to evidence such liability.

9. Transferee franchisee shall pay Franchisor a transfer fee of \$10,000. No transfer fee will be required in the case of a transfer of Franchisee's interest under this Agreement to an entity formed solely for the convenience of ownership in accordance with the provisions of this Agreement.

10. Notwithstanding the provisions of Subsection above, neither Franchisee nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchised Business, shall pledge, mortgage, grant a security interest, or otherwise encumber any interest in this Agreement, in the franchise granted hereunder, or in Franchisee (whether or not in connection with an absolute transfer of an interest in the Franchised Business). Franchisor shall not be obliged to consent to any such transfer.

### **C. Transfer to Controlled Entity**

In the event that Franchisee proposes to transfer all of its interest in the Franchised Business to an entity formed solely for the convenience of ownership, Franchisor's consent to such transfer may, in its sole discretion, be conditioned on the following requirements:

1. Franchisee shall own a controlling interest in the transferee entity;

2. The transferee entity shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;

3. Franchisee, prior to the transfer, shall have provided Franchisor with written information as to each Principal of the transferee entity, and the interest of each, and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;

4. The transferee entity shall designate a Designated Manager in compliance with this Agreement;

5. All Principals of the transferee entity shall enter into an agreement, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor;

6. Each ownership certificate of the transferee entity, if any, shall have conspicuously endorsed upon its face the following legend:

*“The transfer, sale or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Door Renew International, LLC dated \_\_\_\_\_.”*

7. Copies of the transferee entity's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and

8. The transferee entity's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

#### **D. Franchisor's Right of First Refusal**

If Franchisee or its Principals shall at any time decide to sell, transfer or assign any right or interest under this Agreement and/or the franchise granted pursuant hereto, Franchisee or its Principals shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy thereof to Franchisor. For a period of thirty (30) days after the date of delivery of such offer to Franchisor, Franchisor shall have the right, exercisable by written notice to Franchisee or any of its officers, to purchase such rights or interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by Franchisor must be completed within ninety (90) days after Franchisee's receipt of Franchisor's written notice of its intent to purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its Principals may complete the sale of such interest to the bona fide purchaser, subject to Franchisor's approval of the purchaser as provided herein; provided, however, that if the sale to such purchaser is not completed within one hundred twenty (120) days after the delivery of the offer to Franchisor, Franchisor shall again have the right of the first refusal herein provided.

### **E. The right of Franchisee's Heirs upon Death or Disability of Franchisee**

A transfer to the heirs, surviving spouse, or personal or other legal representatives of Franchisee (collectively, Involuntary Transferees) upon the death or legal disability of Franchisee shall not be subject to Franchisor's right of first refusal above or right to terminate for failure to obtain written approval for Transfer as provided herein, so long as the Involuntary Transferees (i) satisfy Franchisor that they are qualified to act as a franchisee, and (ii) perform all other applicable acts required of a Transferee and Transferor as prescribed this Agreement. Such transfer shall be made within one hundred eighty (180) days after the death or disability of Franchisee, or Franchisor, at its option, may terminate this Agreement, whereupon all rights granted to Franchisee hereunder shall revert to Franchisor. Any subsequent sale or other transfer by any Involuntary Transferee shall be subject to Franchisor's right of written approval set forth in this Section in this Agreement and to Franchisor's right of first refusal set forth above. Transfer to Involuntary Transferees shall not require the payment of the transfer fee required by this Agreement. Actual legal costs incurred by Franchisor to approve and affect the transfer will be charged, however.

## **XVI. TERMINATION**

### **A. Automatic Termination**

This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. Franchisee or any of its Principals is declared bankrupt or insolvent, is the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code (this provision may not be enforceable under federal bankruptcy law).
2. A receiver is appointed for Franchisee or for any part of its property, or Franchisee makes any assignment for the benefit of its creditors, if not dismissed within fifteen (15) days.

### **B. Termination upon Notice**

We may terminate this Agreement upon notice and without providing you with an opportunity to cure for any of the following breaches or defaults:

1. If Franchisee or any of its principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of the Franchised Business.
2. Franchisee fails to timely (i) locate and secure a Site as so required by this Agreement, or (ii) open the Franchised Business or (iii) satisfy all of the training obligations herein.
3. Franchisee fails to pay when due any sum required to be paid by Franchisee under this Agreement or any other agreement or instrument between Franchisor and fails to cure any such default within (15) days after its receipt of a written notice of default from Franchisor.
4. Franchisee is late for more than ten (10) days on any payment due and owing to a Franchisor approved or designated vendor or supplier.

5. Franchisee fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, Royalty Fees or other fees and payments when due to Franchisor or any Affiliate of Franchisor, or commits three (3) defaults or more under this agreement or any other agreement with Franchisor or any Affiliate of Franchisor, whether or not such defaults or such failure to pay or submit information is corrected after notice thereof is delivered to Franchisee.

6. Franchisee (or an affiliate of Franchisee) defaults under any other agreement between Franchisor (or an affiliate of Franchisor) such that Franchisor or its Affiliate as the case may be, has the right to terminate the said agreement or said agreement automatically terminates.

7. After thirty (30) days' notice, Franchisee fails to meet the Development Schedule for six (6) consecutive months.

8. Franchisee fails to operate the Franchised Business in full compliance with the terms of this Agreement, the Operating Manual, or the System Standards.

9. Franchisee fails to operate the Franchised Business for more than two (2) consecutive days that the Franchised Business is required or is customarily open in the ordinary course of business or otherwise abandons the Franchised Business.

10. Franchisee provides, offers, or sells products or services other than those who are Permitted Products and Services and/or Franchisee fails to provide, offer, or sell any one, some, or all of the Permitted Products and Services.

11. Franchisee provides offers or sells any Permitted Products and Services at or from a location that is within the franchise territory of another Door Renew franchise (except as expressly stated this Agreement, the Operating Manual, or any other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by Franchisor under franchise agreements with other franchisees of Franchisor.

12. Franchisee fails to achieve or exceed System Standards in two (2) inspections in any twenty-four (24) month period.

13. Franchisee fails to achieve or exceed the Minimum Performance Standards for two (2) consecutive calendar years;

14. Franchisee loses the right to possession of the Site upon which the Franchised Business is located, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located unless such default results from circumstances beyond the control of Franchisee and does not arise from any action taken or failure to act by Franchisee or Franchisee's failure to cure or correct the circumstances that led to such default (provided, however, that if through no fault of Franchisee, the Site is damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, or if the Site is acquired pursuant to a government taking of property, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate the Franchised Business or reconstruct the Franchised Business, which approval shall not be unreasonably withheld).

15. Franchisee fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business.

16. Franchisee makes any transfer or attempted transfer that fails to comply with this Agreement.

17. The Franchised Business is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lienholder, or lessor; a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy.

18. Franchisee or any Principal violates the restrictive covenants of the confidentiality, solicitation, competition as set forth in this agreement or otherwise directly or indirectly uses or discloses Confidentiality Information to or for the benefit of it, his/her, or benefit of another or publishes causes to be published Confidential Information without the expressed written consent of Franchisor.

19. Any conduct or activity by Franchisee or any Principal, director, or officer of Franchisee that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, Franchisor, the System, the Marks, or the goodwill associated therewith, including, but not limited to, any criminal misconduct for which Franchisee or any Principal, director, or officer of Franchisee is convicted.

20. Franchisee knowingly maintains false books or records, or knowingly submits any false reports (including, but not limited to, the information provided as part of Franchisee's application for this franchise) to Franchisor, or understates its Gross Revenues reported to Franchisor by more than five percent (5%) and any given one hundred and eighty (180) day period.

21. Unless otherwise caused due to vendor delays or issues, if Franchisee fails to maintain sufficient levels of inventory to meet consumer demand.

22. Any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business, and Franchisee has not immediately commenced actions to cure the problem or has not promptly cured or corrected the problem or activity that gave rise to the threat or danger.

23. Franchisee fails to perform or breaches any other provision of this Agreement or of any other agreement or instrument between Franchisor and Franchisee and fails to cure any such breach within thirty (30) days from notice of the breach.

### **C. Liability for Default**

If Franchisee fails to cure any default within the applicable time period set forth in this Section, Franchisee shall pay all damages, costs, and expenses incurred by Franchisor as a result of any such default, including, but not limited to, reasonable attorney and accounting fees. This provision

shall apply regardless of whether or not Franchisor exercises its right to terminate this Agreement or initiate legal proceeding against Franchisee.

#### **D. Franchisor's Step-In Rights**

The parties herein want to prevent any operation or interruption of the Franchised Business that would cause harm to the Franchised Business and to the System and lessen their value. Therefore, Franchisee authorizes Franchisor to step in to operate the Franchised Business for as long as Franchisor believes necessary and practical in Franchisor's exclusive judgment. Franchisor may do so without waiving any other rights or remedies that Franchisor may have.

Cause for stepping-in may include Franchisor's determination that: Franchisee is incapable of operating the Franchised Business; Franchisee is absent or incapacitated because of illness or death; Franchisee has failed to pay when due any real property, equipment rent or lease payments, suppliers, or inventory payments; Franchisee has failed to pay to Franchisor when due any franchise, royalty, advertising, or other fees; Franchisee has failed to pay when due any taxes or assessments against the Franchised Business or property used in the Franchised Business; Franchisee has failed to pay when due any liens or encumbrances placed upon or against Franchised Business property; Franchised Business activities are having a negative impact on the value of System or Franchisor decides that significant operational problems require Franchisor to operate the Franchised Business for a time.

All Revenue from Franchisor's operation of the Franchised Business will be for Franchisee's exclusive account. Franchisor will pay from that Revenue all expenses, debts, and liabilities Franchisor incur during Franchisor's operation of the Franchised Business. This will include Franchisor's personnel and administrative and travel costs, plus fifteen percent (15%) of that Gross Revenue to cover Franchisor overhead expenses. In addition, Franchisor will have the option, but not the obligation, to pay for Franchisee any claims owed by Franchisee to any creditor or employee of the Franchised Business. Franchisee will reimburse Franchisor upon demand, including at the rate set forth above for overdue amounts.

Our exercise of these Step-In Rights, Franchisee agrees to hold Franchisor harmless for all acts, omissions, damages, or liabilities arising during Franchisor's operation of the Franchised Business. Our operation of the Franchised Business will not operate as an assignment to Franchisor of any lease or sublease of Franchised Business property. Franchisor will have no responsibility for payment of any rent or other charges owing on any lease for Franchisee property, except as the charges relate to the period of Franchisor's operation of the Franchised Business. You agree to pay Franchisor's legal and accounting fees and costs Franchisor incurs because of Franchisor's exercise of these Step-In Rights.

#### **XVII. OBLIGATIONS UPON TERMINATION**

Upon the termination or expiration of this Agreement, for any reason, Franchisee shall forthwith:

1. Cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

2. Immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures, or techniques associated with the System or that display the Marks, or any other distinctive forms, slogans, signs, symbols, or devices associated with or belonging to Franchisor.

3. Make such modifications or alterations to the Site of the Franchised Business, including the improvements thereon, as may be necessary or requested by Franchisor (including, but not limited to, changing the telephone number) to prevent the operation of any business on the Site upon which the Franchised Business is located that might be deemed substantially similar to that of the Franchised Business or any other franchisee of Franchisor. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor shall have the right to enter the Site, without being guilty of trespass or any other tort or crime, for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee.

4. Turn over to Franchisor the Operating Manual, records, customer and other files, instructions, correspondence, and software provided and/or licensed by Franchisor, including, without limitation, brochures, agreements, disclosure statements, and any materials relating to the business operated hereunder, which may be in Franchisee's possession, together with all copies thereof (all of which Franchisee acknowledges to be Franchisor's sole property).

5. At the option of Franchisor, assign to Franchisor or Franchisor's designee all of Franchisee's rights, title and interest in and to any and all (i) telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages and other business listings, and (ii) Web Sites, web pages, listings, banners, URLs, advertisements, or any other services and links related to the Franchised Business or the use of Franchisor's trademarks, service marks or other logos, on or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines or other similar services.

6. At the option of Franchisor (to be exercised within thirty (30) days after termination), sell to Franchisor any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's depreciated book value.

7. Take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark Door Renew or any of the other Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement.

8. Immediately pay all sums due and owing to Franchisor, including, but not limited to, any unpaid Royalty Fees and other fees and monies.

9. Obtain and maintain in effect all coverage for the professional liability or errors and omissions insurance and general liability insurance by this Agreement, to extend the period in

which claims may be made for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located.

10. Franchisee does hereby irrevocably constitute and appoint Franchisor as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee's obligations under this Section. Franchisee agrees to promptly execute, acknowledge, and deliver to Franchisor any and all such documents as may be required to carry out Franchisee's obligations hereunder. The provisions of this Section shall survive the expiration, termination, or cancellation of this Agreement.

## **XVIII. COVENANTS OF FRANCHISEE**

### **A. Management of Franchise**

Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, the Franchised Business shall at all times be under the direct supervision of Franchisee, or the Designated Manager who shall devote his/her full time, energy, and best efforts to the management and operation of the Franchised Business.

### **B. Covenants during Term of Franchise Agreement**

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the design, development, and operation of the Franchised Business, procedures and techniques of the Door Renew Method, and sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation:

1. divert or attempt to divert any business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

2. own, maintain, engage in, or have any interest in any business offering restoration and door replacement, or any other products or services that are offered in the Franchised Business ("Competitive **Business**"), unless otherwise consented to in writing by Franchisor.

### **C. Covenants after Termination of Franchise Agreement**

Franchisee further covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, directly or indirectly, for itself or through, on behalf of, or in conjunction with any person, persons, partnership or corporation:

1. for a continuous and uninterrupted period commencing upon the expiration, termination or transfer of this Agreement (regardless of the cause) and continuing for two (2) years thereafter, own, maintain, operate, engage in, or have any interest in any Competitive Business, or

any other services that had been offered by the Franchised Business (i) at the Site; (ii) within the Territory; or (iii) within a twenty five (25) mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement

2. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly solicit or perform services for any person who was a client of the Franchised Business at any time during the term of this Agreement.

3. Enter into any business competing in whole or in part with Franchisor in granting franchises or licenses for businesses that offer offering door restoration services, or any other products or services that are offered in the Franchised Business at the time this Agreement is terminated or otherwise not renewed;

4. Franchisee and Franchisor agree that the covenants contained in this Section shall survive the expiration, termination, or cancellation of this Agreement.

#### **D. Exclusion for Publicly Traded Company**

This Section shall not apply to the beneficial ownership by Franchisee of less than five percent (5%) of the outstanding equity securities of any corporation that is registered under the Securities and Exchange Act of 1934.

#### **E. Independent Covenants; Severability**

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

#### **F. Reduction of Covenants by Franchisor**

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions hereof.

#### **G. Claims Against Franchisor No Defense**

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

## **H. Injunctive Relief**

Franchisee acknowledges that its violation of the terms of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section.

## **I. Execution of Covenants by Key Personnel**

At the request of Franchisor, Franchisee shall provide Franchisor with executed Restrictive Covenant Agreements, containing covenants similar in substance to those set forth in this Section (including covenants applicable upon the termination of a person's relationship with Franchisee), from each manager, officer, director, and Principal of Franchisee. With respect to each person who becomes associated with Franchisee in one of the capacities enumerated above subsequent to the execution of this Agreement, Franchisee shall require and obtain such covenants from them and promptly provide Franchisor with executed copies thereof. In no event shall any person enumerated above be granted access to any confidential aspect of the System or the Franchised Business prior to their execution of such a covenant. All covenants required by this Section shall be in a form satisfactory to Franchisor, including, without limitation, the specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. The failure by Franchisee to obtain the execution of the covenants required by this Section and provide the same to Franchisor shall constitute a material breach of this Agreement.

## **XIX. DISPUTE RESOLUTION**

### **A. Injunctive Relief**

Nothing contained in this Agreement will prevent Franchisor from applying to and obtaining from any court having jurisdiction a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests, without bond, in accordance with the rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

### **B. Internal Dispute Resolution.**

Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Article XXII.F below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

### **C. Mediation.**

At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between

Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Article XIX.C above, must be submitted first to mediation, in Wilmington, New Castle County, Delaware under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share the mediator's costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

- a. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;
- b. Any claims pertaining to or arising out of any warranty issue;
- c. Any of the restrictive covenants contained in this Agreement;
- d. Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or
- e. Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.

#### **D. Arbitration.**

If not resolved by mediation and except as qualified below, any dispute between Franchisee and Franchisor or their respective affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the Franchised Business must be submitted to binding arbitration in Wilmington, Delaware under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any proceedings involving their parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the

jurisdiction of the courts. The Federal Arbitration Act, as amended, will govern the rights and duties of the parties to this Agreement to resolve any disputes by arbitration. The following will supplement and, in the event of a conflict, govern any arbitration: The matter will be heard before a single arbitrator from the AAA list of arbitrators. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Each party must bear its own costs of arbitration; provided, however, that the neutral or the single arbitrator's fee will be shared equally by the parties. The arbitrator's award must be rendered within seven (7) days of the close of the hearing and will include all fees, costs, and attorneys' fees for Franchisor if Franchisor is the prevailing party. The arbitrator will have no authority to determine class action claims and will have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law may be given preclusive or collateral estoppel effect in any arbitration, except to the extent such issue may have been determined in another proceeding between the parties.

Judgment may be subsequently entered in any court having competent jurisdiction. The decision of the arbitrator(s) will be final and binding on all parties to the dispute; however, the arbitrator(s) may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages, or (3) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business. This agreement to arbitrate will survive any termination or expiration of this Agreement.

#### **E. Exceptions to Arbitration.**

The parties agree that the following claims will not be subject to arbitration: any controversy, dispute, or claim that concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; Any claims pertaining to or arising out of any warranty issue; Any of the restrictive covenants contained in this Agreement; Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.

#### **F. Selection of Venue.**

Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in New Castle County, Delaware and the jurisdiction and venue of the United States District Court for the District of Delaware. Franchisee acknowledges that this Agreement has been entered into in the State of Delaware, and that Franchisee is to receive valuable and continuing services emanating from Delaware including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Michigan as set forth in this Section. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between Franchisor, its guarantors, and Franchisor or its affiliates or employees

may not be consolidated with any other proceeding between Franchisor and any other person or entity.

**G. Choice of Law.**

This Agreement will be governed by and construed in accordance with the laws of the State of Michigan (without reference to its conflict of laws principles).

**H. Cumulative Rights and Remedies.**

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted but each shall be in addition to every other right or remedy. Nothing herein contained shall bar Franchisor's right to seek injunctive relief against threatened conduct that shall cause it loss or damages, including obtaining restraining orders, preliminary and permanent injunctions.

Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.

**FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.**

**I. Third Party Beneficiaries.**

Franchisor's officers, directors, shareholders, members, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Article each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

**J. Prior Notice of Claims.**

As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

**K. No Right to Offset.**

Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

**L. Limitations of Claims**

Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

**M. Waiver of Punitive Damages.**

Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any indirect, special, consequential, incidental, punitive, exemplary, or treble damages, and other forms of multiple damages, against Franchisor or its affiliates, including without limitation, any economic loss, property damage, physical injury, or lost profits arising out of this Agreement, Franchisee's use of the Marks or other elements of the System, regardless of whether arising under breach of contract, warranty, tort, strict liability or any other legal or equitable theory or claim, even if such loss or damage could have been reasonably foreseen. Further, Franchisee agrees that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between the Parties, Franchisee will be limited to the recovery of any actual damages sustained by Franchisee.

**XX. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

A. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee must not act or represent itself as our agent, partner, employee, or joint venture partner, directly or by implication. Franchisee must not incur any obligation on Franchisor's behalf or in Franchisor's name. All of Franchisee's stationery, business cards and contractual agreements entered must contain Franchisee's corporate name and designate that Franchisee operates the Franchised Business as an independently owned and operated franchised business. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name and Franchisor will not, in any event, assume liability for, or be deemed liable hereunder as a result of, any such action, nor will Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor, nor vice versa. Franchisee further acknowledge that Franchisor has no responsibility to ensure that the Franchised Business is developed and operated in compliance with all applicable laws, ordinances,

and regulations, and that Franchisor shall have no liability in the event the development or operation of the Franchised Business violates any law, ordinance or regulation.

B. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of the Franchised Business, including the use, condition, or construction, equipping, maintenance or operation of the Franchised Business and Franchisee's advertising, and the sale and installation of all Permitted Products and Services by Franchisee, its employees or subcontractors and all warranty claims; (ii) the unauthorized use of the Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **XXI. MISCELLANEOUS**

### **A. Nature of Agreement**

This Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures which are included in the Franchisor's now current Franchise Disclosure Document. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. This Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

### **B. Benefit**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their

respective legal representatives, successors, and assigns. This Agreement shall not be assigned by Franchisee without the prior written consent of Franchisor.

**C. Construction**

The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee’s “immediate family” means Franchisee’s spouse, parents, children and siblings and Franchisee’s spouse’s parents, children, and siblings. Reference to Franchisee’s “principals” means Franchisee’s partners, officers, directors, shareholders, members, and managers, as applicable. References to “Franchisor” and “Franchisee” include the party’s successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

**D. Headings**

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provision of this Agreement.

**E. Notices**

All payments shall be made to, and all notices, requests, demands and other communications hereunder shall be deemed to have been duly received by, the person to whom addressed when personally delivered or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed:

in the case of Franchisor:  
**Door Renew International, LLC**  
**19500 Victor Parkway**  
**Livonia MI 48152**

or to such other persons or address as Franchisor may from time to time furnish to Franchisee;

in the case of Franchisee: \_\_\_\_\_ at the address is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **F. Severability**

In the event that any provision of this Agreement, in whole or in part (or the application of any provision to a specific situation), shall be held, by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any federal, state or local law, regulation or ordinance applicable to this Agreement, such invalidity shall be limited to such specific provision or portion thereof (or to such situation), and this Agreement shall be construed and applied in such manner as to minimize such invalidity. All other provisions of this Agreement shall otherwise remain in full force and effect.

## **G. Attorneys' Fees**

If Franchisee is in breach of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or its affiliates, and Franchisor engages an attorney to enforce its rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all of Franchisor's reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover its reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

## **H. Survival of Covenants**

All provisions of this Agreement which, by their terms, are intended to survive the termination or expiration of this Agreement (such as, by way of illustration and not limitation, the provisions relating to confidential information, indemnification, post-termination competition, and the Marks), and all provisions hereof necessary to enforce and interpret such provisions (such as, by way of illustration and not limitation, the provisions relating to arbitration and injunctive relief), shall survive the termination, expiration or cancellation of this Agreement or the franchise granted hereunder.

## **I. Counterparts.**

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

## **J. Consent to Do Business Electronically**

The parties hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Michigan, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

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

**FRANCHISOR: DOOR RENEW INTERNATIONAL, LLC** **FRANCHISEE:**

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

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

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

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

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

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

**INDIVIDUAL FRANCHISEE:** **INDIVIDUAL FRANCHISEE:**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Print Name**

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

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

EXHIBIT 1

**DOOR RENEW FRANCHISE AGREEMENT**

**SITE AND TERRITORY**

1. The Site for the Franchised Business shall be:

---

2. The Territory referenced in the Franchise Agreement shall consist of the following:

---

---

**Development Schedule (Section I(B)).** Franchisee agrees to establish and operate a total of \_\_\_\_\_ Door Renew vehicles in accordance with the timetable set forth below.

The Cumulative Minimum Number of Door Renew vehicles required in Compliance by Each Opening Deadline	Deadline from the Effective Date

Franchisor and Franchisee further agree that this Exhibit shall be attached to, incorporated in, and made a part of said Franchise Agreement between Franchisor and Franchisee.

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

**FRANCHISOR: DOOR RENEW  
INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

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

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

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

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

**INDIVIDUAL  
FRANCHISEE:**

**INDIVIDUAL  
FRANCHISEE:**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
**Print  
Name**

\_\_\_\_\_  
**Print  
Name**

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

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

**EXHIBIT 2 TO THE DOOR RENEW FRANCHISE AGREEMENT**  
**PERSONAL GUARANTY**

PERSONAL GUARANTY

IN CONSIDERATION for, and as an inducement for Door Renew International, LLC (**Franchisor**) to enter into a Door Renew franchise agreement and any powers of attorney and other instruments dated concurrently herewith (collectively the **Franchise Documents**) between Franchisor and the business entity identified below (**Franchisee**), the undersigned (**Guarantors**) hereby jointly and severally guarantee to Franchisor, and to Franchisor’s successors and assigns: (a) the timely payment of all Royalty Fees, late fees, interest charges, and all other fees and charges provided for under the Franchise Agreement; and (b) the timely performance of all of the provisions of the Franchise Documents for and during the term thereof (including all renewals thereof, if any). Guarantors further specifically agree to be individually bound by all covenants, obligations, and commitments of Franchisee contained in each of the Franchise Documents to the same extent as if each of the Guarantors had individually executed the same as Franchisee.

Guarantors understand and agree that any modification of the Franchise Documents, including any addendum thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Documents, including any addendum thereto, shall not in any way release Guarantors from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected or diminished. Notice to Guarantors of any such modification, waiver, extension, or forbearance under the terms thereof is hereby waived.

Guarantors hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Documents, in whole or in part, that Franchisor or its assignees may make. Guarantors agree to pay all costs, including reasonable attorneys’ fees, incurred by Franchisor to collect or otherwise enforce the terms of this Guaranty. This Guaranty has been delivered in the State of Michigan and shall be construed and enforced in accordance with the laws thereof. Jurisdiction and venue in any action to enforce this Guaranty shall be in any state or federal court within the State of Michigan in the judicial district where Franchisor has its principal place of business. Guarantors consent to the exercise of personal jurisdiction by any such court and waive any defense of lack of personal jurisdiction or improper venue.

GUARANTOR: \_\_\_\_\_  
\_\_\_\_\_, Individually

GUARANTOR: \_\_\_\_\_  
\_\_\_\_\_, Individually

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

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

Its: \_\_\_\_\_

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

**EXHIBIT 3 TO THE DOOR RENEW FRANCHISE AGREEMENT  
RESTRICTIVE COVENANT AGREEMENT**

## RESTRICTIVE COVENANT AGREEMENT

THIS AGREEMENT, by and between, \_\_\_\_\_  
(**Franchisee**), a [corporation] [partnership] [limited liability company] organized under the laws  
of the State of \_\_\_\_\_, and \_\_\_\_\_  
(**Covenantor**), an individual resident of the State of \_\_\_\_\_,

WITNESSETH:

WHEREAS, pursuant to that certain Franchise Agreement dated \_\_\_\_\_ (the  
**Franchise Agreement**), Door Renew International, LLC (**Franchisor**) granted Franchisee a  
franchise to operate a Door Renew Franchised Business (the **Franchise**), using Franchisor's  
unique franchise system and Franchisor's trade name and service mark Door Renew and other  
proprietary marks; and

WHEREAS, Covenantor is the owner (or spouse of the owner) of the Franchisee.

WHEREAS, Franchisor has expended substantial amounts of time and money in developing the  
Marks (as hereinafter defined) and Franchisor's distinctive franchise system, including, without  
limitation, unique sales and marketing methods, pricing techniques, promotional materials, new  
product development, financial information, and procedures for the efficient operation of a Door  
Renew Franchised Business, all of which Covenantor acknowledges to be confidential and  
proprietary information; and

WHEREAS, in connection with the operation of the Franchise, Covenantor will have access to  
such confidential and proprietary information; and

WHEREAS, as a condition precedent to granting the Franchise to Franchisee, all shareholders,  
officers, partners, or members of Franchisee must execute the covenants contained herein;

NOW, THEREFORE, as additional consideration and inducement for granting the Franchise to  
Franchisee, Covenantor hereby agrees and covenants to Franchisee as follows:

**1. Confidentiality.** Covenantor acknowledges the proprietary and confidential nature of  
Franchisor's Operating Manual, which Franchisee has received on loan from Franchisor, unique  
sales and marketing methods, pricing techniques, promotional materials, new product  
development, financial information, client or referral lists, procedures for the efficient operation  
of a Door Renew Franchised Business, and any other methods, procedures, processes, techniques,  
information, knowledge, or know-how concerning Franchisor's franchise system or Franchisee's  
Franchise, in particular, that may not be commonly known to the public or to Franchisor's or  
Franchisee's competitors and that Franchisor or Franchisee has identified or may identify as  
proprietary and confidential information (**Trade Secrets**). Covenantor shall use such Trade Secrets  
solely for Franchisee's benefit and shall not, during the term of the Franchise Agreement or at any  
time thereafter, communicate, divulge, or use any Trade Secrets to or for the benefit of any other  
person, entity, or organization.

**2. Proprietary Marks.** Covenantor acknowledges Franchisor's right, title, and interest in and to the service, mark Door Renew Systems, Franchisor's stylized design, and certain other proprietary service marks, logos, symbols, and trade names presently used by Franchisor or that Franchisor may hereafter use or provide for use by Franchisee, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in Franchisor's franchise system (the Marks). Covenantor further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks. Covenantor expressly covenants that he/she shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof during the term of the Franchise Agreement or after the expiration or termination thereof.

**3. Non-solicitation.** Covenantor covenants that he/she shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for the periods indicated below, either directly or indirectly, for him/herself or through, on behalf of, or in conjunction with, any person, entity or organization for a period of two (2) years, divert or attempt to divert any business or client of Franchisee's business, or of any other Franchisee of Franchisor, to any competitor or to Covenantor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that may be injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system; or

**4. Non-competition.** Covenantor covenants that, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly, for him/herself or through, on behalf of, or in conjunction with any person, entity or organization, own, maintain, operate, engage in, or have any interest in, any business offering restoration and door replacement or any other products or services that have been offered by the Franchised Business (i) at the Site; (ii) within the Territory; or (iii) within a twenty five (25) mile radius of (a) the Territory or (b) any other territory licensed by Franchisor as of the date of expiration or termination of this Agreement. This restriction shall not apply to the beneficial ownership by Covenantor of less than five percent (5%) of the outstanding equity securities of any corporation whose securities are registered under the Securities and Exchange Act of 1934.

**5. Remedies.** Covenantor acknowledges that his/her violation of any of the covenants contained in this Agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining, an injunction enjoining any conduct by Covenantor prohibited by the terms of this Agreement. This remedy shall be in addition to any and all other remedies that may be available to Franchisor or Franchisee.

**6. Severability.** The parties agree that each of the covenants contained in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant contained herein is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision, Covenantor expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the

maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Agreement.

**7. Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

**8. Construction.** The parties agree that this Agreement shall be deemed to have been entered into in and shall be governed by and construed in accordance with the laws of the State of Michigan.

**9. Jurisdiction.** The parties agree that any action based upon this Agreement brought by any party hereto against any other party hereto may be brought within the State of Michigan in the judicial district in which Franchisor has its principal place of business, and hereby consent to the exercise of personal jurisdiction by any such court and waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**10. Legal Expenses.** In the event a dispute arises under this Agreement, the prevailing party shall be entitled to recover its expenses, including reasonable attorney and accountant fees, in addition to any other relief to which it may be found entitled.

**11. Franchisor Third-Party Beneficiary.** Covenantor and Franchisee acknowledge and intend that the covenants contained in this Agreement shall directly benefit Franchisor, who shall be a third-party beneficiary thereof, entitled to enforce the provisions thereof in Franchisor's own name without Franchisee as a party in any action filed for such purpose, and shall further be entitled to all remedies provided in Section 5 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their duly authorized representative, as of the dates set forth below.

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

\_\_\_\_\_  
COVENANTOR

**EXHIBIT 4 TO THE DOOR RENEW FRANCHISE AGREEMENT  
POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER**

## POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

The undersigned Door Renew franchisee (**Assignor**) does hereby irrevocably constitute and appoint Door Renew International , LLC, a Delaware limited liability company (**Assignee**), the true and lawful attorney-in-fact and agent for Assignor and in Assignor's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Assignee, may be necessary or advisable for the sole purpose of assigning to Assignee or Assignee's designee all of Assignor's right, title and interest in and to any and all telephone numbers of Assignor's Door Renew Franchised Business and all related Yellow Pages, White Pages and other business listings, including but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services for Assignor, hereby granting unto Assignee full power and authority to do and perform any and all acts and things which, in the sole discretion of Assignee, are necessary or advisable to be done as fully to all intents and purposes as Assignor might or could itself do, hereby ratifying and confirming all that Assignee may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Assignor has designated any other person to act as its attorney-in-fact and agent, no person, firm, or corporation dealing with Assignee will be required to ascertain the authority of Assignee, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Assignee. Any person, firm, or corporation dealing with Assignee shall be fully protected in acting and rely on a certificate of Assignee that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Assignor will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Assignor by Assignee will be deemed to include such a certificate on the part of Assignee, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This power of Attorney will terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated evenly herewith by and between Assignee and Assignor. Such termination, however, will not affect the validity of any act or deed that Assignee may have affected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest. It is executed and delivered in the State of Michigan and the laws of the State of Michigan and will govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

ASSIGNOR (Franchisee):

\_\_\_\_\_  
*[Name of Franchisee]*

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

Its: \_\_\_\_\_



EXHIBIT B. FRANCHISEE DISCLOSURE QUESTIONNAIRE

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

## FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you are aware, you are preparing to enter into a Franchise Agreement with Door Renew International, LLC (**Franchisor**) for the operation of a Door Renew franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

YES \_\_\_\_\_ NO \_\_\_\_\_

2. Have you received and personally reviewed the Disclosure Document we provided to you?

YES \_\_\_\_\_ NO \_\_\_\_\_

3. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor?

YES \_\_\_\_\_ NO \_\_\_\_\_

4. Can you confirm that no employee or other person speaking on our behalf has made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

YES \_\_\_\_\_ NO \_\_\_\_\_

5. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

6. Can you confirm that no employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

YES \_\_\_\_\_ NO \_\_\_\_\_

7. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

YES \_\_\_\_\_ NO \_\_\_\_\_

8. Can you confirm that no employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

9. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

YES \_\_\_\_\_ NO \_\_\_\_\_

10. Can you confirm that no employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

11. If you have answered "No" to any questions, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

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If you have answered "Yes" to all questions, please leave the lines blank.

You understand that your answers are important to us, and we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

\_\_\_\_\_  
Franchise Applicant - Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date



EXHIBIT C. STATE FRANCHISE REGULATORS AND  
AGENTS FOR SERVICE OF PROCESS

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

## STATE FRANCHISE REGULATORS

### **California**

Department of Business Oversight  
One Sansome Street Suite 600  
San Francisco, CA 941404-4428  
1-866-275-2677

### **Connecticut**

Securities & Business Investments  
Division  
Department of Banking  
260 Constitution Plaza  
Hartford, CT 06103-1800  
(860) 240-8230

### **Florida**

Dept. of Agriculture and  
Consumer Services  
Division of Consumer Services  
227 N. Burrough Street  
City Centre Building, 7th Floor  
Tallahassee, FL 32301  
(904) 922-2770

### **Georgia**

Governor's Office of Consumer  
Affairs  
2 Martin Luther King, Jr. Drive SE  
356 West Tower  
Atlanta, GA 30334-4600  
(404) 651-8600

### **Hawaii**

Dept. of Commerce & Consumer  
Affairs  
Business Registration Division  
1010 Richards Street  
Honolulu, HI 96813  
(808) 586-2021

### **Illinois**

Office of the Attorney General  
Franchise Division  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

### **Indiana**

Indiana Securities Division  
302 West Washington Street  
Room E111  
Indianapolis, IN 46204  
(317) 232-6681

### **Kentucky**

Office of the Attorney General  
Consumer Protection Division  
P.O. Box 2000  
Frankfort, KY 40602-2000  
(502) 573-2200

### **Louisiana**

Office of the Attorney General  
Consumer Protection Section  
PO Box 94005  
Baton Rouge, LA 70804-9005  
(225) 326-6460

### **Maryland**

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

### **Michigan**

Department of Attorney General  
Consumer Protection Division  
Antitrust and Franchise Unit  
670 Law Building  
Lansing, MI 48913  
(517) 373-7117

### **Minnesota**

Department of Commerce  
Registration Division  
85 7th Place East, Suite 500  
St. Paul, MN 55101-2198  
(651) 296-4026

### **Nebraska**

Dept. of Banking & Finance  
1200 N Street, Suite 311  
P.O. Box 95006  
Lincoln, NE 68509  
(402) 471-3445

### **New York**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St. 21st Fl  
New York, NY 10005  
212-416-8236

### **North Carolina**

Department of the Secretary of  
State  
Securities Division  
300 N. Salisbury Street  
Raleigh, NC 27603-5909  
(919) 733-3924

### **North Dakota**

North Dakota Securities  
Department  
State Capitol, Fifth Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-4712

### **Rhode Island**

Department of Business  
Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building  
69-1  
Cranston, RI 02910  
(401) 462-9587

### **South Carolina**

Secretary of State  
1205 Pendleton Street  
525 Edger Brown Building  
Columbia, SC 29201  
(803) 734-1958

### **South Dakota**

Dept. of Labor and Regulations  
Division of Securities  
124 S. Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-48233

**Texas**

Secretary of State  
Statutory Document Section  
P.O. Box 13563  
Austin, TX 78711  
(513) 475-1769

**Utah**

Department of Commerce  
Division of Consumer Protection  
160 East 300 South  
P.O. Box 45804  
Salt Lake City, UT 84145-0804  
(801) 530-6601

**Virginia**

State Corporation Commission  
Division of Securities & Retail  
Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9276

**Washington**

Department of Financial  
Institutions  
Securities Division  
150 Israel Road, SW  
Tumwater, WA 98501  
(360) 902-8760

**Wisconsin**

Department of Financial  
Institutions  
Division of Securities  
345 West Washington Avenue, 4<sup>th</sup>  
Floor  
Madison, WI 53703  
(608)266-1064

## AGENTS FOR SERVICE OF PROCESS

### **California**

Commissioner of Corporations  
1515 K Street, Suite 200  
Sacramento, CA 95814-4052

### **Hawaii**

Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, HI 96813

### **Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

### **Indiana**

Administrative Office of the Secretary of  
State  
201 State House  
Indianapolis, IN 46204

### **Maryland**

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

### **Minnesota**

Minnesota Commissioner of Commerce  
85 7th Place East, Suite 500  
St. Paul, MN 55101-2198

### **New York**

New York Secretary of State  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6th Floor

Albany, NY 12231-0001  
(518) 473-2492

### **North Dakota**

Securities Commissioner  
5th Floor, 600 East Boulevard  
Bismarck, ND 58505-0510

### **Rhode Island**

Dept. of Business Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69-1  
Cranston, RI 02910

### **South Dakota**

Division of Securities  
Dept. of Labor and Regulations  
124 S. Euclid Suite 104  
Pierre, SD 57501

### **Virginia**

Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, VA 23219

### **Washington**

Director of Dept. of Financial Institutions  
Security Division  
150 Israel Rd SW  
Tumwater WA 98501

### **Wisconsin**

Commissioner of Securities  
101 East Wilson Street  
Madison, WI 53703



EXHIBIT D. LIST OF FRANCHISEES

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

Door Renew Franchisees as of December 31, 2024

State	City	Name	Address	Telephone/Email
FL	Ft. Meyers	Matt Somers	126 Beckett Lane, Morrison CO 80465	720-454-3364 Matt.somers@doorrenew.com
IA	Des Moines	James Green	7640 SW 22 <sup>nd</sup> St., #106, Des Moines, IA 50321	515-414-5595 James.green@doorrenew.com
ID	Boise	Nathan Kenworthy	6709 South Warwickshire Ave, Boise ID 83709	270-401-5091 Nathan.kenworthy@doorrenew.com
IN	Indianapolis	Calvin Grieshaber	5357 W. 86 <sup>th</sup> St. Indianapolis, IN 46268	317-503-2879 Calvin.greishaber@doorrenew.com
KY	Northern Kentucky	Jassiel Chapman		<a href="mailto:Jassiel.chapman@doorrenew.com">Jassiel.chapman@doorrenew.com</a>
MI	Ann Arbor	Ashok Sethu	29740 Grand River Ave. Farmington Hills, MI 48336	571-294-5454 Ashok.sethu@doorrenew.com
MI	Detroit	Ashok Sethu	29740 Grand River Ave. Farmington Hills, MI 48336	571-294-5454 Ashok.sethu@doorrenew.com
NC	Charlotte	DRNW Charlotte Inc.	1505 Waxhaw Indian Trail Rd, Indian Trail, Ste B/C, Charlotte, NC 28079	585-410-3767 Paul.miller@doorrenew.com
NC	Raleigh	Doug Schadle	171 Tradition Trail, Unit 206 Holly Springs, NC	570- 426-5659 Doug.schadle@doorrenew.com

State	City	Name	Address	Telephone/Email
OH	Cincinnati	Matthew Wheeler	3485 Verbena Cincinnati, OH 45241	513-410-8823 Matthew.wheeler@doorrenew.com
OH	St. Louisville	Angela Davis	267 Moreland St. St. Louisville, OH, 43071	740-627-6627 Angela.davis@doorrenew.com
TX	Dallas	Bret Havens	706 Beaumont Ct, Allen TX 75013	214-802-8487 Brett.havens@doorrenew.com
TX	Waco	David Sartain	2267 County Rd 1090 Kennard TX 75842	713-859-0342 David.sartain@doorrenew.com
UT	Salt Lake City	Bret Palmer	4402 Foothill Dr, Bountiful UT 84010	801-652-4394 Bret.palmer@doorrenew.com
WI	Milwaukee	Door Restore Pro LLC	9010 W Schlinger Ave. Milwaukee, WI 53214	(312) 550-9858 Jason.bowman@doorrenew.com

Door Renew Franchisees that Signed but did not Open as of December 31, 2024

State	City	Name
KS	Kansas City	Dammy Agboola
PA	Pittsburgh	Tim Kelly



EXHIBIT E. LIST OF FRANCHISEES THAT LEFT THE  
SYSTEM

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

## Former Franchisees

### CLOSED:

State	City	Name	Address	Telephone
CO	Denver	Matt Holzmann & Amy Baglan	5617 Newland Way, Arvada, CO 80002	314-737-3123
FL	Miami	Peter Frank	4700 SW 51 St., Unit 210 Davie, FL 33314	703-868-7957
GA	Atlanta	Kunal Lad, Nikul Lad, & Ankit Desai	1015 Union Hill Rd – Suites 9- 10, Alpharetta, GA 30004	770-403-6757
SC	Charleston	Todd Wilson	7644 Southrail Road Unit 300-C Charleston, SC 29420	732-939-9305
SC	Myrtle Beach	R&K Ventures Inc.	475 Sandy Lane Suite B, Surfside, SC 29575	(480) 223-2603
TX	Austin	Cuatro Velas Inc.	632 Ralph Ablanado Dr. #204 Austin, TX 78748	(512) 963-4809

### NON-RENEWALS:

LA	Baton Rouge	Gary Shetler	3120 Cresthaven Ave. Baton Rouge, LA 70810	225-320-2268
MI	Pinckney	Jack and Joanne Eggenberger	9072 Dexter-Pinkney Pinckney, MI 48169	734-751-2401

### TRANSFERRED:

Transferred to another Franchisee:

State	City	Name	Address	Telephone
KY	Northern Kentucky	Barbara Downie	5019 Wesley Ave. Norward, OH 45212	513-209-3334 859-432-4786
MI	Ann Arbor	John Eggenberger	1147 Roosevelt Ypsilanti, MI 48197	734-678-7602

OH	Cincinnati North	Matt Eggenberger	11830 Surfwood Lane Cincinnati, OH 45241	513-919-2670
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Transferred to Franchisor:

State	City	Name	Address	Telephone
FL	Orlando	Sam Tasker	1233 Columbia St. Orlando, FL 32805	516-633-2224
RI	Providence	Oliver Hellested	301 Concord St, Pawtucket, RI 02860	401-644-2239

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



EXHIBIT F. FINANCIAL STATEMENTS

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

# **Door Renew International, LLC**

**(A Delaware Limited Liability Company)**

**Financial Statements with Report of Independent Auditors  
December 31, 2024 and December 31, 2023**

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Report of Independent Auditors

To the Members of  
Door Renew International, LLC

*Opinion*

We have audited the accompanying financial statements of Door Renew International, LLC, a Delaware Limited Liability Company, which comprise the balance sheets as of December 31, 2024, and 2023, and the related statements of operations, changes in members' equity and cashflow for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cashflows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after April 22, 2025.

*Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*DA Advisory Group PLLC*

Troy, MI  
April 22, 2025

Door Renew International, LLC  
BALANCE SHEETS  
As of December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,578	\$ 2,552
Current portion of prepaid broker commission	317,500	302,700
Accounts receivable	57,970	379,055
Prepaid expenses	10,588	-
Total current assets	390,636	684,307
Other assets:		
Intangible assets:		
Client lists and trademark	9,000	9,000
Goodwill	420,000	420,000
Franchise agreement	890,500	96,000
Accumulated amortization	(214,985)	(134,005)
Net intangible assets	1,104,515	390,995
Long-term prepaid broker commission	2,288,988	2,407,904
Total other assets	3,393,503	2,798,899
Total assets	\$ 3,784,139	\$ 3,483,206
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
Current liabilities:		
Account payable	\$ 223,276	\$ 153,807
Credit card	-	150
Current portion of deferred revenue	389,300	439,700
Current portion of notes payable	380,489	27,156
Accrued liabilities	34,820	22,743
Total current liabilities	1,027,885	643,556
Noncurrent liabilities		
Long-term deferred revenue	2,782,988	3,387,993
Long-term notes payable	213,114	310,792
Due to related parties	2,990,467	1,300,679
Total noncurrent liabilities	5,986,569	4,999,464
Total liabilities	7,014,454	5,643,020
Members' equity:		
Total members' deficit	(3,230,315)	(2,159,814)
Total liabilities and members' deficit	\$ 3,784,139	3,483,206

see accompanying notes

Door Renew International, LLC  
STATEMENTS OF OPERATIONS  
For the year ended December 31, 2024 and 2023

	2024	2023
Operating revenues:		
Franchise related revenue		
Franchise fees	\$ 438,013	\$ 322,967
Royalties	167,186	90,186
Sales	95,264	-
Marketing	73,358	177,005
Managed services income	56,988	-
Call center fees	41,719	51,461
Brand development fees	33,575	28,086
Technology revenue	43,044	-
Other franchise revenue	28,344	31,790
Total franchise related revenue	977,491	701,495
Cost of goods sold	48,895	39,156
Franchising related expenses	687,845	617,037
Net loss from franchising operations	240,751	45,302
Administrative expenses	2,033,614	1,238,543
Operating loss	(1,792,863)	(1,193,241)
Other income (expense)		
Prior adjustments to franchise revenue / expense	71,271	32,081
Interest expense	(21,855)	(21,921)
Gain (Loss) on reacquisition	672,947	(132,457)
Net other income	722,363	(122,297)
Net loss	\$ (1,070,500)	\$ (1,315,538)

see accompanying notes

Door Renew International, LLC  
STATEMENTS OF MEMBERS' EQUITY  
For the year ended December 31, 2024 and 2023

	<u>Total Members' Equity</u>
BALANCE, DECEMBER 31, 2022	<u>\$ (844,277)</u>
Member contributions	-
Member distributions	-
Net loss	<u>(1,315,538)</u>
BALANCE, DECEMBER 31, 2023	<u>\$ (2,159,815)</u>
Member contributions	-
Member distributions	-
Net loss	<u>(1,070,500)</u>
BALANCE, DECEMBER 31, 2024	<u>\$ (3,230,315)</u>

see accompanying notes

Door Renew International, LLC  
STATEMENTS OF CASHFLOWS  
For the year ended December 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (1,070,500)	\$ (1,315,538)
Adjustment for non cash expenses:		
Prior adjustments to franchise revenue / expense	(71,271)	(34,481)
Depreciaton and amortization expense	80,979	52,032
Prepaid commissions	440,001	(781,412)
Deferred franchise fee revenue	(655,405)	1,362,285
Change in		
Accounts receivable	321,085	(367,176)
Accounts payable	69,469	114,845
Credit card	(150)	150
Accrued liabilities	12,077	22,743
Prepaid expenses	(10,588)	-
Net cash used in operating activities	(884,303)	(946,552)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	353,333	244,098
Proceeds from due to related parties	630,674	605,014
Repayments of long term notes payable	(97,678)	(19,112)
Net cash provided by financing activities	886,329	830,000
Net change in cash and cash equivalents	2,026	(116,552)
Cash and cash equivalents at beginning of year	2,552	119,104
Cash and cash equivalents at end of year	4,578	2,552
Total cash and cash equivalents	\$ 4,578	\$ 2,552

see accompanying notes

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Door Renew International, LLC (the Company) is organized as a Delaware limited liability company and began operating effective June 28, 2021. The company owns and operates a business which develops markets, services and sell services in connection with door refinishing and restoration; and shall offer and grant to franchisees and others to offer the services and to use the proprietary property of the company in connection with the services. The Company has two company-operated outlets.

Accounting Method

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as outlined by the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification.

Cash and Cash Equivalents

The company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Total cash equivalents as of December 31, 2024, and 2023, were \$4,578 and \$2,552 respectively.

Concentration of credit risk

The Company's principal financial instruments subject to potential concentration of credit risk are cash and cash equivalents. The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company, from time to time, may have amounts on deposit in excess of the insured limits. As of December 31, 2024, and December 31, 2023, the Company's has no uninsured cash balances.

Revenue Recognition

The Company applies Accounting Standards Codification ("ASC") Topic 606, Revenue from Contract with Customers ("Topic 606"). The Company derives its revenues majorly from franchise fees, royalty fees, marketing fund fees, and product income.

*Franchise fees and royalties*

Contract consideration from franchisees primarily consists of initial franchise fees and sales-based royalties. The initial franchise fees are nonrefundable and collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties are payable bi-weekly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligations under the franchise agreement includes the granting of certain rights to access the Company's intellectual property, in addition a variety of activities relating to the opening of a franchise unit. Those activities would include site selection, training and other such activities commonly referred to collectively as "pre-opening activities."

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company applies FASB ASU No. 2021-02, Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) ("ASU 2021-02"). All pre-opening activities are determined to be highly interrelated to the use of the Company's intellectual property and difficult to differentiate with other future obligations. Therefore, these activities are accounted for as a single performance obligation which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Royalties are earned based on a percentage of franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Sales and Market Fee (Call Center Fee)*

Pursuant to various franchise agreements, franchisees are required to pay the Company sales and market fee of a certain amount per month for access to and use of certain technology, including the Sales & Marketing Center, support from the franchisor, and access to the local marketing library. These amounts are recognized in the current year.

*Other revenues*

The Company will recognize revenue from other fees and services provided to the franchisees as a single performance obligation when the services are rendered

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises which are amortized over the term of the franchise agreements

Income Taxes

The Company, with the consent of its members, has elected to be a limited liability company for federal and state income tax purposes. Accordingly, in lieu of corporate income taxes, the members of a limited liability company are taxed on their proportionate share of the Company's taxable income or loss. Therefore, no provision or liability for federal or state income taxes has been provided for in these financial statements.

Management has evaluated the effect of the guidance provided in FASB ASC on Accounting for Uncertainty in Income Taxes. Management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Company had no uncertain income tax positions at December 31, 2024, and 2023.

Advertising Costs

Advertising and marketing expenses are expensed in the period during which costs are incurred. Advertising and marketing expenses totaled \$259,854 and \$206,361 for the years ended December 31, 2024, and 2023, respectively.

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represents royalties and other receivables from franchise locations not owned by the Company or related parties. Accounts receivable was \$57,970 and \$379,055 on December 31, 2024, and 2023 respectively. The Company evaluates the need for an allowance for losses on accounts receivable based on an analysis of historical bad debt experience, current receivable aging, and expected future write-offs, as well as an assessment of specific identifiable accounts considered at risk or uncollectable. Based on management analysis, there is no allowance for uncollectable accounts in the accompanying financial statements on December 31, 2024, and 2023 respectively. The expense associated with the allowance for doubtful accounts is recognized as general and administrative expense. Bad debt expense was \$60,549 and \$1,005 for the years ended December 31, 2024, and 2023, respectively.

Goodwill and Intangible Assets

The Company has recorded goodwill for the excess of the purchase price of its acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. The Company recognizes specifically identifiable intangibles when a specific right or contract is acquired. The Company adopted the accounting alternative for goodwill available to private companies under Accounting Standards Update (“ASU”) 2014-02, Intangibles – Goodwill and Other. Accordingly, the Company began amortizing goodwill purchases over a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates the fair value of the entity may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity’s fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value. The Company evaluates fair value as of the last day of its fiscal year. No impairment charges have been recorded as of December 31, 2024, and 2023. Other intangible assets predominately consist of licenses and state specific certificates of need which have an indefinite life.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from such estimates and such differences could be material.

Leases

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement or upon the modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices.

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

However, for the leases of property the Company has elected to account for the leases and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost plus any initial direct costs incurred for making the asset ready for use.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The company has elected not to recognize right to use assets and lease liabilities for leases of low value assets and short-term leases (term of 12 months or less). The company recognizes the lease payments associated with these leases as an expense on straight line basis over the lease term.

The company has no leases that require recognition under this standard.

NOTE 2 – DEFERRED FRANCHISE COSTS

Deferred franchise costs comprise of unamortized commissions paid by the company on the sales of franchises. Under FASB ASC 606 and FASB ASC 340-40, the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs.

Beginning and ending balances for prepaid broker commission is reported as follows for the years ended December 31, 2024, and 2023:

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 2 – DEFERRED FRANCHISE COSTS (CONTINUED)

	2024	2023
Prepaid broker commission - beginning	\$ 2,710,603	\$ 1,929,192
Broker commission paid during year	652,000	1,248,500
Performance obligations satisfied	(352,250)	(254,389)
Reacquisitions adjustment	(403,865)	(212,700)
Prepaid broker commission - ending	\$ 2,606,488	\$ 2,710,603

The company expects to recognize prepaid commissions as expenses over the remaining term of the associated franchise agreements as follows:

Year ending December 31, 2024:	
2025	\$ 317,500
2026	317,500
2027	317,500
2028	317,500
2029	317,500
Thereafter	1,018,988
Total	\$ 2,606,488

Year ending December 31, 2023:	
2024	\$ 302,700
2025	302,700
2026	302,700
2027	302,700
2028	302,700
Thereafter	1,197,103
Total	\$ 2,710,603

NOTE 3 – DEFERRED REVENUE

Deferred revenue comprises of unamortized upfront fees received from franchisees. The company records these liabilities when cash payments are received or due in advance of the company’s performance.

Beginning and ending balance for contract liabilities is reported as follows for the years ended December 31, 2024, and 2023:

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 3 – DEFERRED REVENUE (CONTINUED)

	2024	2023
Deferred revenue - beginning	\$ 3,827,693	\$ 2,465,408
Franchise fees	390,000	1,849,000
Franchise fees recognized	(438,013)	(322,967)
Reacquisition adjustment	(607,392)	(163,748)
Deferred revenue - ending	\$ 3,172,288	\$ 3,827,693

The company expects to recognize revenue from contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

Year ending December 31, 2024:

2025	\$ 389,300
2026	389,300
2027	389,300
2028	389,300
2029	389,300
Thereafter	1,225,788
Total	\$ 3,172,288

Year ending December 31, 2023:

2024	\$ 439,700
2025	439,700
2026	439,700
2027	439,700
2028	439,700
Thereafter	1,629,193
Total	\$ 3,827,693

NOTE 4 – RELATED PARTY TRANSACTIONS

There are multiple-related party transfers that take place between the parties that own the company as a part of their operations. As of December 31, 2024, and 2023, total ending net amount owed to other entities was \$ 2,990,467 and \$1,300,679. Also, the entire payroll is paid by the parent entity and then flows through the Company. During the years ended December 31, 2024, and 2023, the total payroll expenses were \$887,204 and \$699,305 respectively.

Additionally, see Note 5 for details on a note payable to a related party.

NOTE 5 – NOTES PAYABLE

Below is the summary of notes payable for the years ended December 31, 2024, and 2023:

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 5 – NOTES PAYABLE (CONTINUED)

	<u>2024</u>	<u>2023</u>
Note Payable to a related party entity dated July 1, 2021, with an original principal amount of \$250,000, bearing interest at 7% per annum. This note matures April 1, 2025 with the balloon payment of \$186,097.	\$ 214,357	\$ 214,357
Note Payable to a third party individual dated July 1, 2021, with an original principal amount of \$50,000, bearing interest at 6% per annum. This note matures November 1, 2025 with the balloon payment of \$41,546.	43,631	45,998
Note Payable to a third party individual dated July 1, 2021, with an original principal amount of \$50,000, bearing interest at 6% per annum. This note matures January 1, 2026 with the balloon payment of \$40,916.	43,442	45,821
Note Payable to a third party individual dated February 10, 2023, with an original principal amount of \$127,544 and bears no interest. The final maturity date is not determined.	21,772	31,772
Note Payable to a third party individual dated April 30, 2024, with an original principal amount of \$150,000 and bears 6% interest per annum. The final maturity date is not determined.	150,000	-
Note Payable to a third party individual dated October 1, 2024, with an original principal amount of \$22,000 and bears no interest. The final maturity date is April 15, 2025.	22,000	-
Note Payable to a third party entity dated September 10, 2024, with an original principal amount of \$42,114 and bears no interest. The final maturity date is August 15, 2027.	41,341	-

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 5 – NOTES PAYABLE (CONTINUED)

	2024	2023
Note Payable to a third party entity dated October 27, 2024, with an original principal amount of \$73,000 and bears no interest. The final maturity date is July 1, 2025.	57,060	-
	593,603	337,948
Less: current portion	(380,489)	(27,156)
	\$ 213,114	\$ 310,792
Total notes payable, less current portion		

The scheduled future minimum principal maturities for the note's payable are as follows:

Year Ended December 31,	
2025	\$ 380,489
2026	171,773
2027	41,341
Total	\$ 593,603

NOTE 6 – REACQUISITION OF FRANCHISEE LOCATIONS

In 2024, the Company reacquired three franchise locations. These reacquisitions resulted in the write off of previously deferred franchise revenue and costs. The stores acquired were operational and resulted in a value addition for the Company due to which the agreements were recognized as an intangible asset. The value of intangible assets is determined based on the original franchise fee received at the time of initial agreement. The total value of intangible assets was \$794,500.

In 2023, the Company reacquired one franchise location. This location had no continuing value due to which no intangible asset was recognized and only resulted in the write off of previously deferred franchise revenue and costs.

Due to these reacquisitions, the Company also incurred losses and gains. During the year ended December 31, 2024, total recognized gains were \$672,947. Also, during the year ended December 31, 2022, total recognized losses were \$132,457.

Door Renew International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 7 – GOODWILL AND INTANGIBLES

Below is the summary of goodwill and intangible assets as of December 31, 2024, and December 31, 2023:

	<u>Goodwill</u>	<u>Other Intangibles</u>
Balance at December 31, 2022	\$ 357,000	\$ 86,027
Additions during 2023	-	-
Less : 2023 amortization	<u>(42,000)</u>	<u>(10,032)</u>
Balance at December 31, 2023	<u>\$ 315,000</u>	<u>\$ 75,995</u>
Additions during 2024	-	794,500
Less : 2024 amortization	<u>(42,000)</u>	<u>(38,980)</u>
Balance at December 31, 2024	<u>\$ 273,000</u>	<u>\$ 831,515</u>

Amortization expense was \$80,980 and \$52,032 for the years ended December 31, 2024, and December 31, 2023, respectively. Estimated future amortization expense of goodwill and other intangibles as of December 31, 2024, is as follows:

Years ending December 31,	<u>Goodwill</u>	<u>Other Intangibles</u>
2025	\$ 42,000	\$ 108,201
2026	42,000	108,201
2027	42,000	108,201
2028	42,000	108,201
2029	42,000	108,201
Thereafter	<u>63,000</u>	<u>290,510</u>
Total future amortization expense	<u>\$ 273,000</u>	<u>831,515</u>

NOTE 8 – COMMITMENTS

The company has commitments to its franchisees as detailed in their franchise agreements.

NOTE 9 – SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 22, 2025, when these financial statements were available to be issued and determined there are no subsequent events that require disclosure.

**DOOR RENEW INTERNATIONAL, LLC  
LIVONIA, MICHIGAN**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2022 AND  
THE PERIOD  
JUNE 28, 2021 (Date of Inception)  
THROUGH DECEMBER 31, 2021**

# DOOR RENEW INTERNATIONAL, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Members of  
Door Renew International, LLC  
Livonia, MI 48152

**Opinion**

We have audited the accompanying financial statements of Door Renew International, LLC (a Delaware Limited Liability Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income (loss) and changes in members' equity and cash flows for the year ended December 31, 2022 and the period June 28, 2021 (Date of Inception) through December 31, 2021, and the related notes to the financial statements,

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Door Renew International, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and the period June 28, 2021 (Date of Inception) through December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Door Renew International, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Franchising-Related Expenses and the Schedules of Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, for the year ended December 31, 2022 and for the period June 28, 2021 (Date of Inception) through December 31, 2021, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Mattina, Kent & Gibbons, P.C.**

Certified Public Accountants

Lapeer, Michigan

August 2, 2023

## **FINANCIAL STATEMENTS**

**DOOR RENEW INTERNATIONAL, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

ASSETS

	2022	2021
<b>CURRENT ASSETS</b>		
Cash	\$ 119,104	\$ 249
Accounts Receivable - Trade	11,879	3,827
<b>TOTAL CURRENT ASSETS</b>	130,983	4,076
<b>OTHER ASSETS</b>		
Amortizable Assets:		
Client Lists, Trademarks, Etc.	9,000	9,000
Goodwill	420,000	420,000
Franchise Agreements	96,000	96,000
Less: Accumulated Amortization	(81,973)	(26,616)
Total Amortizable Assets:	443,027	498,384
Prepaid Commissions	1,929,192	-
Receivables - Related Parties	61,860	37,250
<b>TOTAL OTHER ASSETS</b>	2,434,079	535,634
 <b>TOTAL ASSETS</b>	 \$ 2,565,062	 \$ 539,710

See Independent Auditor's Report and Accompanying Notes.

**DOOR RENEW INTERNATIONAL, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	2022	2021
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	\$ 38,962	\$ 5,800
Current Portion of Contract Liabilities	258,350	-
Current Portion of Long-term Debt	4,317	3,878
Current Portion of Notes Payable - Members	19,112	11,794
<b>TOTAL CURRENT LIABILITIES</b>	320,741	21,472
<b>LONG-TERM LIABILITIES</b>		
Contract Liabilities, Net of Current Portion	2,207,058	-
Notes Payable, Net of Current Portion	89,533	96,122
Notes Payable - Members, Net of Current Portion	214,518	238,206
<b>TOTAL LONG-TERM LIABILITIES</b>	2,511,109	334,328
<b>OTHER LIABILITIES</b>		
Payables - Related Parties	577,489	209,321
<b>TOTAL OTHER LIABILITIES</b>	577,489	209,321
<b>TOTAL LIABILITIES</b>	3,409,339	565,121
<b>MEMBERS' EQUITY (DEFICIT)</b>	(844,277)	(25,411)
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>	\$ 2,565,062	\$ 539,710

See Independent Auditor's Report and Accompanying Notes.

**DOOR RENEW INTERNATIONAL, LLC**  
**STATEMENTS OF INCOME (LOSS) AND CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND**  
**THE PERIOD FROM JUNE 28, 2021 (Date of Inception) THROUGH DECEMBER 31, 2021**

	2022	2021
<b>INCOME/(LOSS) FROM</b>		
<b>FRANCHISING OPERATIONS</b>		
Franchise Related Revenue		
Royalties	\$ 22,347	\$ 4,671
Franchise Fees - Initial, Renewals and Transfers	118,092	-
Client Concierge Center Fees	1,315	-
Brand Development (Marketing) Fees	52,111	2,490
Other Franchisee Costs	8,159	-
Sales - Materials	11,816	-
Total Franchise Related Revenues	213,840	7,161
Franchising-Related Expenses	465,313	18,306
<b>NET INCOME/(LOSS) FROM</b>		
<b>FRANCHISING OPERATIONS</b>	(251,473)	(11,145)
<b>NET INCOME/(LOSS) FROM OPERATIONS</b>		
<b>AND FRANCHISING ACTIVITIES BEFORE</b>		
<b>ADMINISTRATIVE EXPENSES</b>	(251,473)	(11,145)
Administrative Expenses	546,535	230,516
<b>NET ORDINARY INCOME</b>	(798,008)	(241,661)
<b>OTHER INCOME/(EXPENSES)</b>		
Interest Expense	(21,068)	(2,500)
Other Income	210	-
<b>NET OTHER INCOME/(EXPENSES)</b>	(20,858)	(2,500)
<b>NET INCOME/(LOSS)</b>	(818,866)	(244,161)
<b>MEMBERS' EQUITY (DEFICIT) - BEGINNING</b>	(25,411)	-
<b>MEMBERS' CONTRIBUTIONS</b>	-	218,750
<b>MEMBERS' DRAWS</b>	-	-
<b>MEMBERS' EQUITY (DEFICIT) - ENDING</b>	\$ (844,277)	\$ (25,411)

See Independent Auditor's Report and Accompanying Notes.

**DOOR RENEW INTERNATIONAL, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND**  
**THE PERIOD FROM JUNE 28, 2021 (Date of Inception) THROUGH DECEMBER 31, 2021**

	<u>2022</u>	<u>2021</u>
<b>NET INCOME/(LOSS)</b>	\$ (818,866)	\$ (244,161)
Adjustment for items not affecting cash flows:		
Depreciation and Amortization Expense	55,358	26,616
	<u>(763,508)</u>	<u>(217,545)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Increase)/Decrease in:		
Accounts Receivable, Net	(8,052)	(3,827)
Receivables - Related Parties	(24,611)	(37,250)
Prepaid Commissions	(1,929,192)	-
Increase/(Decrease) in:		
Accounts Payable	33,162	5,800
Payables - Related Parties	368,168	209,321
Contract Liabilities	2,465,408	-
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<u>141,375</u>	<u>(43,501)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Intangibles	-	(429,000)
Purchase of Existing Franchise Agreements	-	(96,000)
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>(525,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Members' Contributions	-	218,750
Proceeds (Payments) from(to) Long-term Notes Payable	(6,150)	100,000
Proceeds (Payments) from (to) Long-term Notes Payable - Members	(16,370)	250,000
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<u>(22,520)</u>	<u>568,750</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	118,855	249
<b>CASH AT BEGINNING OF PERIOD</b>	<u>249</u>	<u>-</u>
<b>CASH AT END OF PERIOD</b>	<u><u>\$ 119,104</u></u>	<u><u>\$ 249</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash Paid for Taxes	<u>\$ -</u>	<u>\$ -</u>
Interest Paid	<u>\$ 21,068</u>	<u>\$ 2,500</u>

See Independent Auditor's Report and Accompanying Notes.

## **NOTES TO FINANCIAL STATEMENTS**

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Method of Accounting

Door Renew International, LLC (the Company) is organized as a Delaware limited liability company and began operating effective June 28, 2021. The Company owns and operates a business which develops, markets, services and sells services in connection with door refinishing and restoration; and shall offer and grant to franchisees and others to offer the services and to use the proprietary property of the Company in connection with the services.

The Company does not operate any outlets and has 20 (15 open, 5 unopen) and 8 (8 open, -0- unopen) franchised locations within the United States of America as of December 31, 2022 and 2021, respectively.

The Company sold 12 new franchises during the year ending December 31, 2022. The Company did not open any new franchises from June 28, 2021(Date of Inception) through December 31, 2021.

Accounting Method

The accompanying financial statements have been prepared on the accrual method of accounting.

Cash and Equivalents

The Company considers all highly liquid investments purchased with original maturities of ninety days or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, from time to time throughout the year, may exceed amounts insured by the Federal Deposit Insurance Corporation.

Advertising Costs

The Company follows a policy of charging the costs of advertising to expense as incurred.

Accounts Receivable

Accounts receivable are uncollateralized franchisee obligations due under normal trade terms.

The Company considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when that determination is made.

Long-Lived Assets

The impairment of long-lived assets is reviewed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The Company has not identified any such impairment losses.

Amortizable Intangibles

On July 23, 2021, the Company paid for goodwill related to an asset purchase in 2021 of an existing franchisor's operations. The Company has elected the accounting alternative provided by ASU 350-20-15-4 which allows for the amortization of goodwill. The purchased goodwill is being amortized over 10 years for book purposes and 15 years for tax purposes.

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortizable Intangibles (Continued)

The costs of purchased trademarks, existing franchise agreements and other intellectual property are being amortized over the lesser of their estimated useful lives or their legal life on a straight-line basis.

As of December 31, 2022 and 2021, the following are included in amortizable intangibles:

	December 31, 2022	December 31, 2021
Purchased Goodwill		
At cost	\$ 420,000	\$ 420,000
Less accumulated amortization	(63,000)	(21,000)
	\$ 357,000	\$ 399,000
	December 31, 2022	December 31, 2021
Other Amortizable Intangible Assets		
Client lists, trademarks, etc.	\$ 9,000	\$ 9,000
Existing franchise agreements	96,000	96,000
Less accumulated amortization	(18,973)	(5,616)
	\$ 86,027	\$ 99,384
Net book value of amortizable intangibles	\$ 443,027	\$ 498,384

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) (codified as ASC 606), which, along with subsequent amendments issued after May 2014, replaced substantially all the relevant U.S. GAAP revenue recognition guidance. ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a new five-step revenue recognition model, the steps include (i) identify the contract(s) with a customer; (ii) identify the performance obligations (promise to provide a distinct good or service, or a series of distinct goods or services ) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfied a performance obligation.

The company has determined the following in respect to the above five step model.

The company has determined that the franchise agreements entered by the company with the franchisees meet the definition of a contract as defined under Topic 606, and hence ASC 606 has been incorporated in the financial statements.

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Included within the franchise agreement are the following bundle of promises that the company accounted for as a single distinct performance obligation under the License to the Franchisor's Intellectual Property.

- Franchise license
- Advertising and marketing services
- Use of centralized concierge center
- Ongoing operational support

The transaction price includes the initial franchise fee (as defined in the franchise agreement), weekly/monthly royalty (as defined in the franchise agreement) of the franchisee's sales for the term of the agreement, and weekly/monthly franchise operations fee (as defined in the franchise agreement) of the franchisee's sales for the term of the agreement. The Company determined that the franchise license is the predominant item in the arrangement. Therefore, the guidance for a sales-based or usage-based royalty in FASB ASC 606-10-55-65 applies. The weekly/monthly royalty and weekly/monthly franchise operations fees (variable consideration) are not estimated and are not included in the transaction price at contract inception until sales occur. The weekly/monthly fees will be allocated to appropriate performance obligations as the sales occur.

The transaction price is allocated to the performance obligation (License to Franchisor's IP) as follows:

- Initial Franchise Fee – The Company determines that the initial franchise fee (as defined in the franchise agreement) relates to the pre-opening services and the franchise license, which are bundled together in one performance obligation.
- Sales-Based Fees: Royalty and Brand Development (Marketing) – The Company concludes that the sales-based fees should be allocated entirely to the franchise license because the variable consideration relates entirely to the Company's promise to grant the franchise license. The sales-based fees are allocated to the franchise license bundle performance obligation as the sales occur.

The franchise license provides the franchisee customer with a right to access the franchisor's IP. The Company should account for a promise to provide a customer with a right to access the Company's IP as a performance obligation satisfied over time because the customer simultaneously will receive and consume the benefit from the Company's performance of providing access to its IP as the performance occurs. The franchisor recognizes the fixed consideration (initial franchise fee) allocable to the franchise license bundle performance obligation over the period of time that the franchisee customer has access to the IP, which would be 5 to 10 years (as agreed to in the franchise agreement). The Company will use time as its measure of progress and will recognize the initial franchise fee on a straight-line basis.

Initial Franchise Fee

The Company grants Door Renew Franchises to approved franchisees. The franchise includes the license to use the brand, initial and ongoing training, access to branded websites and marketing materials, use of proprietary client and employee scheduling software, established business processes and procedures, ongoing business consultation and support, and a protected target area territory, among other features and benefits. A military discount is available when applicable.

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Initial Franchise Fee (Continued)

The Company recognized \$118,092 and \$0 for initial franchise fees during the year ended December 31, 2022 and the period June 28, 2021 (Date of Inception) through December 31, 2021, respectively.

Royalty Income

Pursuant to various franchise agreements, franchisees are required to pay the Company royalties based on a percentage of gross sales, as defined in the individual agreements. These amounts are recognized in the current year as they pertain to current year percent of sales. The greater of the ongoing royalty fee of 4% of sales or \$2,000 annually (for years 3 to 5) and \$3,000 annually (for years 6 to 10 and any period of renewal of the agreement).

The Company recognized \$22,347 and \$4,671 in royalties during the year ended December 31, 2022 and the period June 28, 2021 (Date of Inception) through December 31, 2021, respectively.

Brand Development (Marketing Fee)

Pursuant to various franchise agreements, franchisees are required to pay the Company brand development fees based on a percentage of gross sales, as defined in the individual agreements. These amounts are recognized in the current year as they pertain to current year percent of sales. The ongoing marketing fee is 2% of monthly sales.

The Company recognized \$52,111 and \$2,490 in brand development fees during the year ended December 31, 2022 and the period June 28, 2021 (Date of Inception) through December 31, 2021, respectively.

Income Taxes

The Company is a multi-member Limited Liability Company (LLC) and by default is taxed as a partnership. In lieu of business income taxes, the members of the LLC are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statement.

The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. As of December 31, 2022, the Company's federal and various state tax returns generally remain open for the last three years.

Use of Estimates

These financial statements have been prepared in conformity with account principles generally accepted in the United States of America. Management is required to make certain estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from these estimates.

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**Leases**

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement or upon the modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected to account for the leases and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost plus any initial direct costs incurred for making the asset ready for use.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Company's incremental borrowing rate. Generally the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (term of 12 months or less). The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has no leases that require recognition under this standard.

**Subsequent Events and Date of Management's Review**

Management has evaluated subsequent events through August 2, 2023, the date on which the financial statement were available to be issued, and found no significant events requiring disclosure.

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – BUSINESS PURCHASE**

On July 23, 2021, the Company purchased the assets of a franchisor of door renewal products and services. The purchase price was \$525,000 of which \$9,000 was for the current client lists, trademarks and other intangible assets, \$96,000 was for the existing franchise agreements and goodwill was recognized for the additional \$420,000.

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Company to a concentration of credit risk consist of cash held in banks. The Company invests available cash in banks with high credit ratings and generally maintains cash balances within FDIC limits, however from time to time this limit may be exceeded. The Company's primary bank account balance as of December 31, 2022 and 2021 was \$119,104 and \$249.

**NOTE 4 – PREPAID BROKER COMMISSIONS**

Prepaid broker commissions are comprised of unamortized commissions paid by the Company on the sales of franchises. Under FASB ASC 606 and FASB ASC 340-40, the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs.

Beginning and ending balances for prepaid broker commissions is reported as follows for the years ended December 31,

	<u>2022</u>	<u>2021</u>
Prepaid broker commissions, Beginning	\$ -	\$ -
Broker commissions paid during year	2,018,500	-
Performance obligations satisfied	(89,308)	-
Prepaid broker commissions, Ending	<u>\$ 1,929,192</u>	<u>\$ -</u>

The Company expects to recognize prepaid commissions as expense over the remaining term of the associated franchise agreements as follows:

<u>Year Ended December 31</u>	
2023	\$ 201,850
2024	201,850
2025	201,850
2026	201,850
2027	201,850
Thereafter	919,942
	<u>\$ 1,929,192</u>

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – CONTRACT LIABILITIES**

Contract liabilities are comprised of unamortized upfront fees received from franchisees. The Company records these liabilities when cash payments are received or due in advance of the Company’s performance.

Beginning and ending balances for contract liabilities is report as follows for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Contract liabilities, Beginning	\$ -	\$ -
Advance payments received	2,583,500	-
Performance obligations satisfied	(118,092)	-
Contract liabilities, Ending	<u>\$ 2,465,408</u>	<u>\$ -</u>

The Company expects to recognize revenue from contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year Ended December 31</u>	
2023	\$ 258,350
2024	258,350
2025	258,350
2026	258,350
2027	258,350
Thereafter	1,173,658
	<u>\$ 2,465,408</u>

**NOTE 6 – NOTES PAYABLE**

Notes payable as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
The Company has a note payable to American Franchise Group, LLC (15% owner of the Company) dated July 1, 2021, with an original principal amount of \$250,000, bearing interest at 7% per annum, monthly payments are to commence on May 1, 2022 in the amount of \$2,903 including principal and interest, this note matures April 1, 2025 with an estimated balloon payment of \$194,096, this note is not secured or guaranteed.	\$ 233,630	\$ 250,000

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 – NOTES PAYABLE (CONTINUED)

	2022	2021
<p>The Company has a note payable to a 3<sup>rd</sup> party individual dated July 1, 2021, with an original principal amount of \$50,000, bearing interest at 6% per annum, monthly interest only payments of \$250 are due beginning August 1, 2021, monthly principal and interest payments of \$422 commence on February 1, 2022, this note matures January 1, 2026 with an estimated balloon payment of \$40,916. This note is secured by the personal guaranty of Greg Longe (managing member of the Company and 68.24% owner of Longe Home Services Acquisition, which is 85% owner of the Company).</p>	\$ 46,180	\$ 50,000
<p>The Company has a note payable to a 3<sup>rd</sup> party individual dated July 1, 2021, with an original principal amount of \$50,000, bearing interest at 6% per annum, monthly interest only payments of \$250 are due beginning August 1, 2021, monthly principal and interest payments of \$422 commence on February 1, 2022, this note matures January 1, 2026 with an estimated balloon payment of \$40,916. This note is secured by the personal guaranty of Greg Longe (managing member of the Company and 68.24% owner of Longe Home Services Acquisition, which is 85% owner of the Company).</p>	47,670	50,000
<p>Total Notes Payable</p>	327,480	350,000
Less Current Portion	23,429	15,672
<p>Note Payable, Less Current Portion</p>	\$ 304,051	\$ 334,328

The scheduled future minimum principal maturities for the notes payable are as follows:

Year Ending December 31,		
2023	\$	23,429
2024		27,285
2025		197,309
2026		79,457
2027		-
Thereafter		-
		-
<p>Face Amount of Notes</p>	\$	327,480

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 – COMMITMENTS**

The Company has commitments to its franchisees as detailed in their franchise agreements.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The Company has a note payable to one of its members (American Franchise Group, LLC), which owns 15% of the Company. No amounts had been paid or had been required to be paid as of December 31, 2021. The balance of this note as of December 31, 2022 and 2021 was \$233,630 and \$250,000. Total interest paid on this loan during the period ending December 31, 2022 and 2021 was \$14,217 and \$-0-, respectively. See Note 6 for additional information on this note.

American Franchise Group, LLC (15% owner of the Company) is owned by the former owners of the Door Renew brand. American Franchise Group, LLC owns and operates 2 of the Company's current franchises and is not required to pay royalties or brand development fees.

Longe Home Services Acquisitions, LLC (LHSA) owns 85% of the Company. Greg Longe, managing member of the Company owns approximately 68% and has controlling interest of LHSA. LHSA contributed capital of \$140,000 during 2021.

The Company has advanced funds to Greg Longe, managing member. As of December 31, 2022 and 2021, the total outstanding balance owed to the Company by Greg Longe is \$40,250 and \$37,250. No payback terms have been established. This amount is shown on the balance sheet as *Receivables – Related Parties*.

The Company leases its office space from Fetch! Pet Care, Inc (FPC). FPC.'s CEO is Greg Longe, who is also managing member of the Company. Greg Longe holds the controlling interest in both companies. The Company paid FPC \$36,000 and \$6,000 during 2022 and 2021, respectively.

The Company has advanced funds to GRL Real Estate LLC, which is solely owned by Greg Longe, managing member of the Company. The loan carries no interest and has no repayment terms. This amount is shown on the balance sheet as *Notes Receivable – Related Parties* and had a balance of \$15,000 and \$-0- as of December 31, 2022 and 2021, respectively.

The Company has advanced funds to Door Renew Managed Services, LLC, (DRMS) which is owned by the same entities as the Company. As of December 31, 2022 and 2021, total amounts owed by DRMS to the Company total \$1,250 and \$-0-, respectively, and is shown on the balance sheet as *Payables – Related Parties*.

The Company has advanced funds to Door Renew Operating, LLC, (DRO) which is owned by the same entities as the Company. As of December 31, 2022 and 2021, total amounts owed by DRO to the Company total \$5,360 and \$-0-, respectively, and is shown on the balance sheet as *Payables – Related Parties*.

Fetch! Pet Care, Inc. (FPC) has advanced funds to the Company. As of December 31, 2022 and 2021, total amounts owed by the Company to FPC total \$514,379 and \$-0-, respectively, and is shown on the balance sheet as *Payables – Related Parties*.

**DOOR RENEW INTERNATIONAL, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 – RELATED PARTY TRANSACTIONS (Continued)**

Phoenix Franchise Brands, LLC. (PFB) has advanced funds to the Company. PFB is owned and controlled by Greg Longe, managing member of the Company. As of December 31, 2022 and 2021, total amounts owed by the Company to PFB total \$30,610 and \$-0-, respectively, and is shown on the balance sheet as *Payables – Related Parties*.

Phoenix Franchise Brands, LLC. (PFB) leases employees to the Company and provides management services. PFB is owned and controlled by Greg Longe, managing member of the Company. During 2022, the Company paid or accrued \$76,694 in management fees and \$267,346 in payroll wages and taxes. During 2021, the Company paid or accrued \$-0- in management fees and \$-0- in payroll wages and taxes to PFB. See next paragraph for provider of these services in 2021.

During 2021, Fetch! Pet Care, Inc. leased employees to the Company and provided management services. FPC.'s CEO is Greg Longe, who is also managing member of the Company. During 2021, the Company paid or accrued \$189,074 in management fees, wages and taxes.

Spray Foam Genie, LLC. (SFG) has advanced funds to the Company. SFG is related by common ownership. Greg Longe, managing member of the Company also has a controlling interest in SFG. As of December 31, 2022 and 2021, total amounts owed by the Company to PFB total \$32,500 and \$-0-, respectively, and is shown on the balance sheet as *Payables – Related Parties*.

**NOTE 9 – LITIGATION**

As of December 31, 2022 and 2021, the Company is not a party to any litigation.

**NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for based on prior guidance. The Company adopted this standard during the year ending December 31, 2022.

## **SUPPLEMENTAL INFORMATION**

**DOOR RENEW INTERNATIONAL, LLC**  
**SCHEDULES OF FRANCHISING-RELATED AND ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 AND**  
**THE PERIOD FROM JUNE 28, 2021 (Date of Inception) THROUGH DECEMBER 31, 2021**

	2022	2021
<b>Franchising-Related Expenses</b>		
Advertising and Marketing	\$ 173,009	\$ 12
Amortization - Franchise Agreements	12,758	5,316
Broker Commissions	89,308	-
Call Center	15,300	-
Commissions - Other	3,000	-
Computer Software	6,513	1,319
Consulting	83,481	5,500
Conventions	7,714	5,000
Franchise Support	2,246	1,159
Materials	11,278	-
Other Miscellaneous Franchising-Related Expenses	2,036	-
Training	35,495	-
Travel Expenses	23,175	-
	<b>\$ 465,313</b>	<b>\$ 18,306</b>
<b>Administrative Expenses</b>		
Accounting and Audit	\$ 21,435	\$ 300
Amortization - Other Intangible Assets	42,600	21,300
Bank Service Charges	1,038	119
Background Checks	1,620	435
Business Licenses	3,948	-
Dues & Subscriptions	37,917	488
Insurance	1,744	-
Leased Employees	288,579	-
Legal	8,818	12,599
Management Fees	76,694	189,074
Office Expense	23,683	190
Other Miscellaneous Administrative Expenses	426	-
Rent Expense	36,000	6,000
Trademark	1,950	-
Utilities	83	11
	<b>\$ 546,535</b>	<b>\$ 230,516</b>

See Independent Auditor's Report and Accompanying Notes.



EXHIBIT G. TABLES OF CONTENTS OF OPERATING  
MANUAL

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT H. STATE SPECIFIC ADDENDA

TO THE DOOR RENEW FRANCHISE DISCLOSURE DOCUMENT

## **CALIFORNIA STATE ADDENDUM**

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.
2. The franchisor, any person or franchise broker in Item 2 of the UFOC is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provides rights to the franchise concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).
5. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
8. The franchise agreement requires the application of the laws of Michigan. This provision may not be enforceable under California law.
9. Section 31125 of the California Corporations Code requires us to give you a disclosure document in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
10. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
11. “The earnings claim figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.”

12. Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the contents of the website may be directed to the California Department of Business Oversight at [www.dbo.ca.gov](http://www.dbo.ca.gov).

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

**HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Hawaii Franchise Investment Law:

The following list reflects the status of our franchise registrations in the states which have franchise registration laws:

- This registration is effective in the states of Florida, Indiana, Kentucky, Nebraska, Texas, and Virginia.
- There are no states which have refused, by order or otherwise, to register these franchises.
- There are no states which have revoked or suspended the right to offer these franchises.

The release required as a condition of renewal, assignment, and transfer will not apply to any liability arising under the Hawaii Franchise Investment Law.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

**FRANCHISOR:**  
**DOOR RENEW INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

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

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

**HAWAII ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Hawaii Franchise Investment Law:

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement is amended as follows:
  - (a) The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination, and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
  - (b) A general release required as a condition of the renewal, assignment, or transfer of the Franchise Agreement or the franchise granted hereunder shall not apply to any claim or liability arising under the Hawaii Franchise Investment Law.
2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

**FRANCHISOR:**  
**DOOR RENEW INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

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

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

**ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

1. The Illinois Attorney General’s Office has required Deferral of Initial Franchise (and Development) Fees until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules). The Illinois Attorney General’s Office has imposed this deferral requirement due to Franchisor’s financial condition.
2. **Special Risks To Consider About *This Franchise*** are amended to include the following risk factor:

**Short Operating History:** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

3. Illinois law governs the Franchise Agreement.
4. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
5. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND OTHER AGREEMENTS**

The Illinois Attorney General’s Office has required Deferral of Initial Franchise (and Development) Fees until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules). The Illinois Attorney General’s Office has imposed this deferral requirement due to Franchisor’s financial condition.

Illinois law governs the Franchise Agreement.

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

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

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

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

## **INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

THE STATE OF INDIANA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE [INDIANA CODE §§23-2-2.5-1 THROUGH 23-2-2.5-50]. THIS STATE ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF INDIANA HAS A STATUTE WHICH RESTRICTS OR PROHIBITS THE IMPOSITION OF LIQUIDATED DAMAGE PROVISIONS [INDIANA CODE §23-2-2.7(10)]. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101.

A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

The franchise agreement does not expressly give you the right to terminate, but Indiana law may give you the right to terminate if we commit a substantial breach of the franchise agreement.

Any provision in the franchise agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law will prevail.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

**INDIANA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

1. A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.
2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.
3. In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.
4. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

**FRANCHISOR:**  
**DOOR RENEW INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

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

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

**MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

ITEM 17

The general release required as a condition of renewal, assignment, or transfer does not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law.

The franchise agreement provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached are amended as follows to comply with the Maryland Franchise Registration and Disclosure Law:

A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

## **MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Minnesota Franchise Law:

The Minnesota Department of Commerce requires that the franchisor indemnifies Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes trademark rights of the third party. The franchisor does not indemnify against the consequences of the franchisee's use of the franchisor's trademark except in accordance with the requirements of the franchise.

Items 5 and 7 of the Franchise Disclosure Document are amended as follows:

Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a franchisor from requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, Section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

Minn. Rule 2860.4400J states that it is unfair and inequitable for a franchisor to require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or to consent to liquidated damages, termination penalties, or judgment notes. Any language found in the disclosure document or Franchise Agreement contrary to this rule is amended so that it does not apply to Minnesota franchisees.

THE STATE OF MINNESOTA HAS STATUTES WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF MINNESOTA ALSO HAS COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, THE FRANCHISOR MUST COMPLY WITH MINNESOTA STATUTE 80C.14, SUBDIVISIONS 3, 4 AND 5, WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIC CASES, THAT A FRANCHISEE BE GIVEN 90 DAYS NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS NOTICE FOR NONRENEWAL OF THE FRANCHISE AGREEMENT. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF MINNESOTA HAS COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED. LIQUIDATED DAMAGE PROVISIONS ARE VOID UNDER MINNESOTA LAW.

Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the requirement that all litigation must take place in California shall not in any way abrogate or reduce any rights of the franchise as provided for in Minnesota Statutes, Chapter 80C.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

## **MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Minnesota Franchise Law:

1. A general release required as a condition of renewal, assignment, or transfer does not apply to any claim or liability arising under the Minnesota Franchise Law.
2. Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
3. Franchisor shall protect the right of Franchisee to use the Marks in accordance with the requirements of the Franchise Agreement.
4. The final two paragraphs of provision XXI(B) is hereby deleted.
5. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of Minnesota.
6. The representations contained in section XXIII(A) of the Franchise Agreement do not act as a release, estoppel, or waiver of any liability arising under the Minnesota Franchise Law.
7. Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchise Agreement does not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes, Chapter 80C. These statutes prohibit Franchisor from requiring litigation to be conducted outside Minnesota or abrogating or reducing any of Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
8. With respect to franchises governed by Minnesota law, Franchisor shall comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.
9. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

**FRANCHISOR:**  
**DOOR RENEW INTERNATIONAL, LLC**

**FRANCHISEE:**

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

Its: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

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

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

You may terminate the agreement on any grounds available by law.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**FRANCHISOR:**  
**DOOR RENEW INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

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

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

**NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the North Dakota Franchise Investment Law:

Covenants restricting or prohibiting your right to compete after the termination or expiration of your franchise agreement are generally considered unenforceable in the State of North Dakota.

The release required as a condition of renewal and/or assignment/transfer will not apply to any liability arising under the North Dakota Franchise Investment Law.

Any provision of the franchise agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

Any mediation, if necessary, will take place at the American Arbitration Association office nearest your business Site.

Any provision of the franchise agreement requiring you to waive the right to a trial by jury is void.

Any provision of the franchise agreement requiring you to waive exemplary or punitive damages is void.

Any provision of the franchise agreement requiring you to consent to a statute of limitations that is shorter than the applicable North Dakota statute of limitations is void.

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

**NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the North Dakota Franchise Investment Law:

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the North Dakota Franchise Investment Law.
2. Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.
3. Section 15.1 is amended by the addition of the following sentence:  
“Covenants not to compete such as the one described above are generally considered unenforceable in the State of North Dakota.”
4. The final two paragraphs of provision XXI(B) are hereby deleted.
5. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of North Dakota.
6. The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

DOOR RENEW INTERNATIONAL, LLC

BUSINESS ORGANIZATION  
FRANCHISEE:

By:

By:

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

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

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

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

INDIVIDUAL FRANCHISEE:

INDIVIDUAL FRANCHISEE:

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

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

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

**RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Rhode Island Franchise Investment Act:

A condition, stipulation or provision requiring a franchise to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this act or a rule or order under this act is void.

A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

**RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Rhode Island Franchise Investment Act.

1. A general release requiring as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Rhode Island Franchise Investment Act.

1. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

FRANCHISOR:  
**DOOR RENEW INTERNATIONAL, LLC**

FRANCHISEE:

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

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

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

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

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the

franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
  
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
  
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

## **WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law:

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISION OF THE FRANCHISE AGREEMENT THAT IS INCONSISTENT WITH THAT LAW. THE STATE OF WISCONSIN MAY ALSO HAVE COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE RELATIONSHIP IN RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS WHICH RESTRICT THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND STATE AND FEDERAL COURT DECISIONS. A PROVISION IN THE FRANCHISE AGREEMENT WHICH TERMINATED THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

We may revoke our approval of any previously approved supplier at any time if the quality of the product or the supplier's financial condition or ability to satisfy your requirements do not continue to meet our satisfaction.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

**WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Wisconsin Fair Dealership Law:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats., supersedes any inconsistent provisions of the Franchise Agreement.
2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

**FRANCHISOR:**  
**DOOR RENEW INTERNATIONAL, LLC**

**FRANCHISEE:**

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

### State Effective Dates

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

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

State	Effective Date
California	Not Registered
Hawaii	Not Registered
Illinois	Pending
Indiana	May 22, 2025
Maryland	Not Registered
Michigan	May 23, 2025
Minnesota	Pending
New York	Pending
North Dakota	Not Registered
Rhode Island	May 29, 2025
South Dakota	May 30, 2025
Virginia	Pending
Washington	Not Registered
Wisconsin	May 22, 2025

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

Item 23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Door Renew International , LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

New York requires that Door Renew International, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

If Door Renew International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit C.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Gregory A. Longe – CEO of Phoenix, 19500 Victor Parkway, Livonia MI 48152, 734-237-9730; Maria Longe – President of Phoenix, 19500 Victor Parkway, Livonia MI 48152,734-237-9730; Kevin Longe – CEO of Home Brands: 19500 Victor Parkway, Livonia MI 48152,734-237-9730 and:\_\_\_\_\_

Issuance Date: April 30, 2025. Our registered agents authorized to receive service of process for us are listed in Exhibit C. I have received a disclosure document dated April 30, 2025. This disclosure document included the following Exhibits:

- EXHIBIT A. FRANCHISE AGREEMENT
- EXHIBIT B. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- EXHIBIT C. STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS
- EXHIBIT D. LIST OF FRANCHISEES
- EXHIBIT E. LIST OF FRANCHISEES THAT LEFT THE SYSTEM
- EXHIBIT F. FINANCIAL STATEMENTS
- EXHIBIT G. TABLE OF CONTENTS OF OPERATING MANUAL
- EXHIBIT H. STATE SPECIFIC ADDENDA

Date	Signature	Print Name
Date	Signature	Print Name

KEEP THIS COPY FOR YOUR RECORDS

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Date	Signature	Print Name

RETURN TO: Door Renew International, LLC at 19500 Victor Parkway, Livonia MI 48152