

FRANCHISE DISCLOSURE DOCUMENT



SPRAY·NET

The Spray-Applied Painting Specialist.

Spray-Net Inc.
a Delaware Company
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Spray-Net, Inc., a Delaware company, is offering franchises for the use of the trademark “SPRAY NET™” and related trademarks and service marks, for the operation of a business that provides spray painting, staining and coating for exterior coverings of doors, windows and sidings for residential housing using a specially-developed exterior spray paint. (“**Spray-Net Franchise**”).

The total investment necessary to begin operation of a single Spray-Net Franchise is \$247,000 to \$304,750. This includes \$203,500 to \$252,000 that must be paid to the franchisor and its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement, or make any payment in connection with the proposed franchise sale or grant. **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 Patrice Belair at Patrice@spray-net.com and (438) 825-7642.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information comparing franchisors is available. Call your state agency or your public library for sources of information. 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 FTC. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information.

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

The issuance date: **October 10, 2016**

STATE COVER PAGE

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

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

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

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

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN DELAWARE. EXCEPT FOR CERTAIN DISPUTES, WHICH MUST BE LITIGATED IN DELAWARE. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN DELAWARE THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Please see the following effective date page for effective dates in registration states.

SPRAY-NET, INC.
FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES
IN DESIGNATED STATES

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

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity*) laws as of the dates listed:

California	Effective date:	
Florida	Effective date:	October 11, 2016
Hawaii	Effective date:	
Illinois	Effective date:	
Indiana	Effective date:	
Kentucky*	Effective Date:	
Maryland	Effective date:	
Michigan	Effective date:	
Minnesota	Effective date:	
Nebraska*	Effective date:	
New York	Effective date:	
North Dakota	Effective date:	
Rhode Island	Effective date:	
South Dakota	Effective date:	
Texas*	Effective date:	December 27, 2016
Utah	Effective date:	
Virginia	Effective date:	
Washington	Effective date:	
Wisconsin	Effective date:	

In all other states, the Effective Date of this Disclosure Document is **October 10, 2016**.

* Denotes one-time filing

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EXHIBITS

Exhibit A:	List of State Administrator and Agents for Service of Process
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Exhibit D:	Operations Manual Table of Contents
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ITEM 1
THE FRANCHISOR AND ANY PARENT, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document (“**Disclosure Document**”), “**we**,” “**us**,” “**Franchisor**” or “**Spray-Net**” means Spray-Net Inc., the Franchisor. We will refer to the person who buys the franchise as “**Franchisee**” or “**you**” throughout this Franchise Disclosure Document. If the Franchisee is a legal business entity, certain terms of the Franchise Agreement also apply to the owners of the entity and will be noted.

The Franchisor, Its Predecessors and Affiliates

Spray-Net Inc. is a Delaware corporation that was incorporated on September 13, 2016. We do business under our corporate name and d/b/a “Spray-Net” and no other name. Our principal place of business is 1490 De Coulomb Street Boucherville (Quebec) J4B 7M2, Canada. We began offering franchises for the operation of Spray-Net Franchises in September 2016. We do not engage in any other business activities. We have never offered franchises in any other line of business.

Our parent company, Spray-Net International, Inc., (“**SN International**”) is a Canadian corporation incorporated on February 3, 2016. SN International was originally incorporated under the name Spray-Net USA, Inc. but changed its name on August 16, 2016. SN International licenses the Trademarks and management services to the Franchisor for services provided by the Affiliates. SN International does not franchise in this or any other business.

We do not have a predecessor. We do have nine affiliates (“**Affiliates**”).

Spray-Net Canada, Inc. is a Canadian corporation incorporated on September 24, 2014 (“**SN Franchisor Canada**”). SN Franchisor Canada offers franchises in certain provinces in Canada similar to the Spray-Net Franchise described in this Franchise Disclosure Document.

Spray-Net Franchises Inc./Les Franchises Spray-Net Inc. is a Quebec corporation incorporated on November 19, 2013 (“**SN Franchisor Quebec**”). SN Franchisor Quebec offers franchises in Quebec similar to the Spray-Net Franchise described in this Franchise Disclosure Document.

Entretien Esthétique Extérieur: Spray-Net Inc. (“**SN Quebec**”) is a Quebec corporation incorporated on March 15, 2010. SN Quebec operates a business similar to the Spray-Net Franchise described in this Franchise Disclosure Document in the Province of Quebec, Canada.

Spray-Net Marketing Inc. (“**SN Marketing**”) is a Canadian corporation that was incorporated on February 3, 2016. SN Marketing manages the marketing funds in Canada. SN Marketing also provides marketing, production and advertising services to SN International for the U.S. marketing funds and U.S. franchisees per an agreement with SN International as described in Item 11.

Spray-Net Distribution Canada, Inc. (“**SN Distribution**”) is a Canadian corporation that was formed on March 9, 2016. SN Distribution distributes paint products and equipment to Spray-Net franchisees operating in Canada.

Spray-Net Distribution USA, Inc. (“**SN Distribution USA**”) is a Canadian corporation that was formed on August 23, 2016. SN Distribution USA distributes paint products and equipment directly to Spray-Net franchisees operating in the US.

Spray-Net Paints Inc. (“**SN Paints**”) is a Canadian corporation that was formed on September 24, 2014. SN Paints creates, develops and owns the intellectual property rights to the proprietary paints used in the Spray-Net Franchise business.

Spray-Net Commercial Inc. (“**SN Commercial**”) is a Quebec corporation that was formed on February 3, 2016. SN Commercial operates a paint-spray business in Canada for application on commercial structures.

Groupe Spray-Net, Inc. (“**Groupe Spray-Net**”) is a Quebec corporation incorporated on November 19, 2013. Groupe Spray-Net is the parent company for SN Franchisor Canada, SN Franchisor Quebec, SN Quebec, SN Marketing, SN Distribution, SN Paints, and SN Commercial.

SN Franchisor Canada, SN Franchisor Quebec, SN Quebec, SN Marketing, SN Distribution, SN Distribution USA, SN Paints, SN Commercial and Groupe Spray-Net share the same business address at 1490 De Coulomb Street, Boucherville, Quebec, Canada J4B 7M2. None of our Affiliates have ever offered franchises for Spray-Net Franchises or any other line of business in the US.

Our agent for service of process is The Corporation Trust Company at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. Our state agents for service of process are disclosed on **Exhibit A**.

The Franchise

We offer franchises for the use of our “**SPRAY NET™**”, tradenames, service marks and logos (“**Marks**”) for the operation of a business that provides spray painting, coating and staining for exterior coverings of doors, windows and sidings for residential housing using a specially-developed exterior spray paint that provides a permanent solution to various types of building siding (“**Spray-Net Franchise**”). The Spray-Net Franchise will operate using a mobile trailer unit equipped with supplies for use in providing the Services.

The Franchise is operated under a business format per a unique system, including our valuable know-how, information, trade secrets, methods, Operations Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Spray-Net Franchises (“**System**”). We reserve the right to change or otherwise modify the System at any time in our sole discretion. The residential painting services in connection with the operation of the Spray-Net Franchise is referred to herein as “**Services**.”

You must operate your Spray-Net Franchise per our standard business operating practices and sign our standard franchise agreement (“**Franchise Agreement**”). We reserve the right to add, modify, or delete any services or products offered as part of the Spray-Net Franchise at any time in our sole discretion.

As a franchise operator, you will operate one the Spray-Net Franchise in the Exclusive Territory described in the Franchise Agreement. If you pay the Additional Territory Fee, you will have the right to operate the Spray-Net Franchise in two Territories. (See Items 5 and 12).

Market and Competition

The market for residential exterior painting is developed and competitive You will compete with other residential exterior painting businesses, some of which are part of national chains. You may also compete with siding replacement providers. You may also only be able to provide the Services during certain seasons depending on the climate in the region where your Exclusive Territory is located.

You will also face normal business risks that could have an adverse affect on your Spray-Net Franchise. These include, but are not limited to, industry developments, such as pricing policies of competitors, housing market and supply and demand. Another risk factor is our dependence on key personnel, the loss of whom could have an adverse affect on us. Our ability to fulfill our obligations under our Franchise Agreement depends in part on our present and future financial condition.

Regulations

Spray-Net Franchises are subject to federal, state and local occupational health and safety regulations as well as licensing requirements for contractors and painters. You will also be required to comply with federal, state and local regulations and environmental regulations regarding the handling, storage and disposal of paint products. You may be required to be bonded and insured under certain state and local regulations. You should familiarize yourself with these laws and regulations and with other federal, state or local laws and regulations of a more general nature, which may affect the operation of a Spray-Net Franchise, including local labor regulations. It is the responsibility of each Franchisee to comply with all, federal, state and local regulations, employment laws, worker's compensation insurance requirements, corporate taxing and licensing laws, and any other laws that affect the operation of each Franchisee's Spray-Net Franchise.

The above are examples of some, but not all of the laws that may be applicable to the franchised business described in the Franchise Disclosure Document. The Franchise Agreement places the responsibility for complying with all applicable laws and regulations upon you, the Franchisee. You should research these requirements before you invest in a Spray-Net Franchise and talk to an advisor, like a lawyer or accountant, regarding compliance with these laws and regulations.

ITEM 2 BUSINESS EXPERIENCE

President: Carmelo Marsala

Carmelo Marsala has been the President of Spray-Net since its inception in September 13, 2016. Mr. Marsala also serves as the President of SN Marketing, SN Distribution, SN Distribution USA and SN Commercial in Quebec, Canada since 2016. He is the President of SN

Franchisor Canada and SN Paints since 2014 in Quebec Canada. Mr. Marsala also serves as the President of SN Franchisor Quebec in Quebec, Canada since 2013 and the President of SN Quebec in Quebec, Canada since 2010.

Vice-President: Patrice Belair

Patrice Belair has served as Spray-Net’s Vice-President since its inception in September 13, 2016. Mr. Belair also serves as the General Manager for SN Franchisor Quebec and SN Franchisor Canada since August 2015. Mr. Belair also served as the President for Gestion Patrice Belair, Inc. located in Longueuil, Quebec from April 2014 until June 2016. He was also self-employed as a business consultant and franchise specialist between 2011 and 2014 in Quebec, Canada. Mr. Belair has also served as the Vice-President and General Manager of Food and Beverage Operations for Groupe Antonopoulos located in Montreal, Quebec from July 2008 to April 2011.

Franchise Support Manager: Congie Pengue

Congie Pengue has served as Spray-Net’s Franchise Support Manager since its inception in September 13, 2016. From 2005 to 2016 Mr. Pengue served as Technical Sales Representative at PPG Architectural Coatings Canada, Inc. in Quebec, Canada.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

At the time you sign the Franchise Agreement, you must pay to us the initial franchise fee (“**Initial Franchise Fee**”), initial training fee (“**Initial Training Fee**”) and initial marketing fee (“**Initial Marketing Fee**”). The Initial Franchise Fee is \$50,000. The Initial Training Fee is \$20,000. The Initial Marketing Fee is \$65,000. The Initial Franchise Fee, Initial Training Fee and Initial Marketing Fee are nonrefundable under any circumstances once paid.

Prior to signing a Franchise Agreement, you must sign a Deposit Agreement in the form attached as **Exhibit J** and pay a deposit fee in the amount of \$20,000 to us (“**Deposit**”). If we award you a Spray-Net Franchise, the Deposit will be applied to the Initial Training Fee. If we do not award you a Spray-Net Franchise, the Deposit will be refunded to you less our expenses for reviewing and processing your application.

Prior to operating your Spray-Net Franchise, you must also pay us or our Affiliate a non-refundable equipment fee (“**Equipment Fee**”) and starter kit fee (“**Starter Kit Fee**”). The

Equipment Fee is between \$55,000 and \$60,000 depending on the cost of shipping and then current equipment pricing. The Starter Kit Fee is between \$10,000 and \$12,500 depending on the number of supplies you need and whether you elect certain optional supplies. The Equipment Fee and Starter Kit Fee are paid to us at least six weeks prior to delivery of the Starter Kit and Equipment. The Equipment Fee covers the cost of the trailer, trailer clips and an initial set of equipment and supplies for the trailer for use in providing the Services. The Starter Kit Fee covers the cost of the initial set of business supplies such as uniforms, marketing brochures, letterhead and business cards.

Additional Territory

At our discretion, we may offer to qualified candidates the one time opportunity to purchase one additional territory (“**Additional Territory**”) on the 12-month anniversary of the Effective Date of the Franchise Agreement (“**Additional Territory Exercise Date**”). If you are granted to the one-time right, at the time you sign the Franchise Agreement, you will pay us a non-refundable additional territory marketing fee of \$37,500 (“**Additional Territory Marketing Fee**”) and sign the protected right to acquire additional territory addendum (“**Protected Right to Acquire Additional Territory Addendum**”) **Exhibit K**. The Additional Territory Marketing Fee will be used to market in the designated Additional Territory. Additionally, from the Effective Date of the Franchise Agreement until the Additional Territory Exercise Date (“**Pending Period**”) we will not operate, or authorize another third party to operate the Spray-Net Business in the Additional Territory (subject to the Franchise Agreement, including Article 3 of the Franchise Agreement”). During the Pending Period, You may operate your Spray-Net Franchise in the Additional Territory during the Pending Period.

After our receipt of the Additional Territory Marketing Fee and execution of the Protected Right to Acquire Additional Territory Addendum, we will grant you the Additional Territory if you meet the following conditions (“**Conditions**”): (1) you notify us in writing on the 12-month anniversary of the Effective Date of the Franchise Agreement (“**Additional Territory Exercise Date**”) that you want to purchase the Additional Territory; (2) you are not in default of your Franchise Agreement or the Protected Right to Acquire Additional Territory Addendum at the time you elect to purchase the Additional Territory or at any time prior to such date; (3) you are in compliance with the Minimum Performance for the Territory described in your Franchise Agreement and for the Additional Territory; (4) you execute our then-current additional territory amendment to franchise agreement (“**Additional Territory Amendment to Franchise Agreement**”). Our current form (which is subject to change) is attached as **Exhibit L** to the FDD; and (5) you pay us an additional territory fee of \$50,000 (“**Additional Territory Fee**”), the then-current Equipment Fee, the then-current Starter Kit Fee and the Year Two Marketing Fee for Additional Territory. If you do not meet the Conditions, we may not grant you the Additional Territory.

As of the date of this FDD, we have not sold any Spray-Net Franchises and have not collected any Initial Franchise Fees, Initial Training Fees, Initial Marketing Fees, Deposits, Equipment Fees or Starter Kit Fees.

**ITEM 6
OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalties†	7% of Gross Income (1)	Weekly on or before the second day of each week.	Required of all Franchisees.
Year Two Marketing Fee	\$20,000 for the Exclusive Territory; \$30,000 for the Additional Territory (2)	Paid on the 12 TH month anniversary of the Effective Date of your Franchise Agreement.	Required of all Franchisees.
Year Three Marketing Fee	\$15,000 for the Exclusive Territory and Additional Territory (2)	Paid on the 24 TH month anniversary of the Effective Date of your Franchise Agreement.	Required of all Franchisees.
National Marketing Fund Contribution†	2% of Gross Income (3)	Weekly on or before the second day of each week.	
Regional Advertising Fund Contribution†	3% of Gross Income (4)	Weekly on or before the second day of each week.	
Franchisee Advertising Fee†	6% of the Gross Income (5)	Weekly on or before the second day of each week.	
Supply Purchases†	Will vary based on needs. (6)	On placement of order.	Our Affiliates charge you for the supplies you purchase from them.
Equipment Purchase†	Will vary based on needs.	On placement of order.	If you desire to add additional teams to your Spray-Net Franchise, you will purchase additional trailers and trailer equipment from us or our Affiliates.
Successor Franchise Fee†	Our out of pocket expenses incurred to renew your right to operate the Spray-Net Franchise, including attorney's fees to prepare the successor franchise agreement and any addendums, not to exceed 30% of our then current initial franchise fee for each Exclusive Territory.	Upon execution of a Successor Franchise Agreement.	If you sign a successor franchise agreement, you will pay the then-current Successor Franchise Fee at least 30 days prior to the Successor Franchise Term.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Audit Fee†	Cost of inspection or audit. Costs may range from \$3,000-\$10,000.	As incurred.	Payable only if you understate your Gross Income by 2% or more or fail to submit reports when due.
Transfer Fee†	\$7,500 plus \$7,500 for your transferee to attend the initial training program for each Exclusive Territory. (7)	Before consummation of transfer per invoice.	The first, \$7,500 is payable by you at the time you request to transfer your Spray-Net Franchise or other interest in your Spray-Net Franchise except transfers to an entity controlled by you or to certain family members. The first payment is refundable if we do not approve the transfer. The second \$7,500 is payable by you at the time we approve the transfer.
Interest†	Lesser of 1% per month or highest rate of interest allowed by law, whichever is less.	As incurred.	Begins to accrue the day after payment becomes past due.
Late Fee†	The then current late fee for late or non-submittal of required reports, dishonored checks or ACH drafts and/or late payments. Currently, the late fee is \$100.	As incurred.	
Insurance†	Our actual cost. (8)	As incurred.	If you fail to maintain the required insurance coverage on your Spray-Net Franchise, we may acquire and pay for the insurance coverage and charge you.
Customer Complaint Resolution and Administration Fee	The price of the customer contract plus an administration fee of 15% of customer contract and all out of pocket expenses incurred by us	As incurred.	If Franchisor requires you to cease work on a customer contract due to a customer complaint and Franchisor and its designee completes the Service for the customer
Indemnification†	Will vary under circumstances.	As incurred.	You must reimburse us if we are held liable for claims arising from your Spray-Net Franchise operations.
Cost of Enforcement or Defense†	All costs including accounting and attorneys fees.	Upon settlement or conclusion of claim or action.	You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Requested Additional Assistance†	Varies based on needs. (9) The estimated range of costs are \$0-\$500 plus travel expenses. The estimated range of costs for travel are \$500-\$2,500.	As incurred	Additional training and assistance is available if you request. We have the right to charge you for this additional training and assistance.
Initial Training for Additional Persons†	\$350 per person per day. (10)	As incurred.	Training at our headquarters or other location designated by us for two people is included in the Initial Training Fee.
Operations Manual Replacement Fee†	\$500.	Upon delivery.	You must replace any part of the Operations Manual that is lost, stolen, or destroyed. The Operations Manual remains our property at all times.
Technology Package Fee†	Our then current fee. Currently, \$2,520 per year payable on a monthly basis in the amount of \$210 per month (11)	Monthly on the first business day of the month or as otherwise specified by us.	For use of Technology Package described in Item 11. We reserve the right to change the Technology Package Fee if the software vendor changes the license fee, as you add additional users, if we change vendors, if we change functionality, based on your email package or for any other reason.
Technology Maintenance Expense†	The then-current cost of purchasing required hardware and software upgrades. The estimated range of costs are \$0-\$5,000.	At time of upgrade, which may be required at any time if we determine that the existing hardware and/or software are outdated.	You should be aware that the cost to upgrade hardware and software may exceed the estimate in column 2 in certain circumstances.
Mandatory Seminars, Conventions or Programs†	You must pay your travel expenses as well as the expenses your employees incur in attending these meetings. (12)	As incurred.	We reserve the right to conduct periodic meetings of all Spray-Net franchisees that you must attend.
Reimbursement of Taxes†	The amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected by or paid by Us or our Affiliates on account of services or goods furnished to you.	As incurred.	

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Supplier and Product Evaluation Fee†	\$750	As incurred.	Payable if we inspect or test products and/or suppliers proposed or nominated by you.
Liquidated Damages †	Will vary under the circumstances (13)	15 days after termination of the Franchise Agreement.	
Credit Card Processing Fee	Will vary based on number of transactions	Monthly.	

†Denotes fees imposed by and payable to us or our Affiliates. All of these fees are non-refundable under any circumstances once paid. We may require you to pay fees to us or our Affiliates electronically by Automatic Clearing House (“ACH”) or another form of electronic withdrawal. Fees paid to vendors or other suppliers may or may not be refundable depending on your arrangement with your vendors and suppliers.

Notes:

- (1) Gross Income. Gross Income means the total of all receipts derived from services performed or products sold by your Spray-Net Franchise, whether such receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. You may only exclude from the calculation of Gross, Income sales tax receipts that you must by law collect from customers and that you actually pay to the government.
- (2) Second and Third Year Marketing Fee. On the second and third anniversary of the Effective Date of your Franchise Agreement, you will pay us the Second Year Marketing Fee and the Third Year Marketing Fee respectively. We will use the fees to market your Spray-Net Franchise in your Exclusive Territory and Additional Territory, if any. The Second Year Marketing Fee and Third Year Marketing Fee is part of your marketing requirements to establish your Spray-Net Franchise and is in addition to the National Marketing Fund Contribution, Regional Advertising Fund Contribution and Franchisee Advertising Fee.
- (3) National Marketing Fund Contribution. These funds are used for national advertising to generate marketing materials, and for costs and fees associated with production and placement of marketing by us or our Affiliate(s) or parent and agency fees for us or our Affiliate(s) or parent.
- (4) Regional Advertising Fund Contribution. These funds are used for regional marketing. These funds will be used to pay for costs of production, marketing and agency fees.
- (5) Franchisee Advertising Fee. This is the Fee you will pay us or our Affiliate(s) or parent for local marketing and advertising for your Spray-Net Franchise. This fee will be applied to costs of production, marketing and agency fees.
- (6) Supplies. You will purchase certain supplies, including paint, caulk, tape, paper and cleaners from our designated supplier, which may be us or our Affiliates (See Item 8).
- (7) Transfer Fee. No Transfer Fee is required if you transfer your Spray-Net Franchise to a business entity in which you own the majority of the company’s issued equity securities, or if you transfer your Spray-Net Franchise to your child, parent, sibling, spouse or domestic partner.
- (8) Insurance. You must procure and maintain, at your own expense, insurance policies protecting you, us, our designated Affiliates and our and our designated Affiliates’ officers, directors, shareholders, and employees against any loss, liability, personal injury, death, property damage,

or expense resulting from the operation of your Spray-Net Franchise as we may require for your and our protection in our sole discretion. The insurance policies must contain certain clauses approved by us and waivers approved by us as outlined in the Operations Manual. We and our designated Affiliates must be named as additional insured in each policy. Within 60 days of signing the Franchise Agreement you must furnish us with an Accord Form Certificate of Insurance showing compliance with our insurance requirements for approval. The certificate must state that each policy may not be canceled or materially altered without at least 30 days' prior written notice to us. The certificate must reflect proof of payment of all required premiums. Maintenance of the insurance and your performance of the obligations under the insurance provisions of the Franchise Agreement will not relieve you of liability under the Franchise Agreement's indemnity provisions. We may modify the minimum insurance requirements from time to time in our sole discretion by adjusting the required amounts in the Operations Manual. If you fail to procure and maintain this insurance coverage, we have the right and authority to procure this insurance coverage and to charge you, which charges, together with a reasonable fee for our expenses incurred in this procurement, you will pay immediately upon notice. (See Section 14.3, Franchise Agreement).

- (9) Additional Assistance. The Initial Training Fee includes 10 days of training for you and one additional person at our headquarters in Boucherville, Quebec or a location designated by us. We will also provide 10 days of training at your location for you and your team. If you require or request additional assistance we may charge you a fee. We must agree in advance to the charges you will pay, if any, and the length of the visit (if on-site). The cost, if any, of additional assistance will depend on your needs, and the amount of assistance you desire.
- (10) Training for Additional Persons. Training at our head quarters for both you and one additional person, is included in your Initial Training Fee. Additional charges are only applied if you choose to train more than two people. Training fees can be increased or decreased by us at any time in our discretion.
- (11) Technology Package. The Technology Package may include, but is not limited to, our Affiliate's Spray Network software, GPS tracking, local vanity phone numbers, email package and Quickbooks® On-line. The Technology Package is subject to change at any time and the monthly fee may increase, including based on the number of your users and the email package you select.
- (12) Seminars, Conventions and Programs. You must attend mandatory conferences at locations that we designate, and you must pay other expenses of each person attending, including any travel expenses, meals, and personal expenses.
- (13) Liquidated Damages. Liquidated damages are equal to \$100,000 per default of Article 10, 15 and 18 of the Franchise Agreement and \$5,000 per client contract for a default of Section 9.2 of the Franchise Agreement.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT
FOR SPRAY-NET FRANCHISE**

Type of Expenditure ⁽¹⁾	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽²⁾	\$50,000	\$50,000	Lump sum.	Upon signing of a Franchise Agreement.	Us.
Initial Training Fee ⁽³⁾	\$20,000	\$20,000	Lump sum.	Upon signing of a Franchise Agreement	Us.
Initial Marketing Fee for First Year ⁽⁴⁾	\$65,000	\$65,000	Lump sum	Upon signing of a Franchise Agreement	Us.
Additional Territory Marketing Fee ⁽⁵⁾	\$0	\$37,500	Lump sum	Upon signing of a Franchise Agreement	Us.
Equipment Fee ⁽⁶⁾	\$55,000	\$60,000	Lump sum	Six weeks prior to delivery of equipment	Us or our Affiliates
Starter Kit Fee ⁽⁷⁾	\$10,000	\$12,000	Lump sum	Six weeks prior to delivery of starter kit	Us or our Affiliates
Vehicle Signage ⁽⁸⁾	\$1,500	\$2,500	Lump sum	Prior to installation of signage on vehicle	Us or our Affiliates
Miscellaneous Supplies and Equipment ⁽⁹⁾	\$2,000	\$5,000	Lump sum	As incurred.	Us or our Affiliates
Permits, Deposits, Business Licenses, Legal and Accounting Fees ⁽¹⁰⁾	\$2,000	\$4,000	As agreed.	As incurred.	State and regulatory agencies and third parties
One Year Insurance Premiums ⁽¹¹⁾	\$5,000	\$10,000	As agreed.	As incurred	Insurance carrier
Computer Hardware and Software ⁽¹²⁾	\$1,500	\$3,100	As agreed.	As incurred.	Vendors or Third Parties.
Travel and Living Expenses during Initial Training ⁽¹³⁾	\$3,600	\$9,250	As agreed.	During training.	Restaurants, Car Rental Agencies, etc.
Vehicle ⁽¹⁴⁾	\$0	\$650	As agreed.	As incurred.	Third Parties.
Additional Funds for First 12 months ⁽¹⁵⁾	\$35,000	\$35,000	As agreed.	As incurred.	Vendors or Third Parties.
TOTAL^{(16)*}	\$247,000	\$304,750			

Notes:

- (1) Expenditures. All fees imposed by us or our Affiliates are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them.
- (2) Initial Franchise Fee. The Initial Franchise Fee is \$50,000. The Initial Franchise is due when you sign the Franchise Agreement and is non-refundable once paid.
- (3) Initial Training Fee. The Initial Training Fee is \$20,000. The training will include up to 10 business days of the initial training program at our headquarters, five business days of sales training at your location for you and your team and five business days of production training at your location for you and your team. The Initial Training Fee is due when you sign the Franchise Agreement and is non-refundable once paid. The Deposit described in Item 5 will be credited toward the Initial Training Fee.
- (4) Initial Marketing Fee for the First Year. The Initial Marketing Fee for the first year is \$65,000. The Initial Marketing Fee is due when you sign the Franchise Agreement and is non-refundable once paid. The Initial Marketing Fee is used by us for the initial and grand opening marketing for your Spray-Net Franchise. We will determine the placement and timing for your initial and grand opening marketing based on a variety of factors including but not limited to the seasonality of the Spray-Net Franchise business.
- (5) Additional Territory Marketing Fee. If you elect to reserve the right to acquire an additional Territory, you will pay the Additional Territory Marketing Fee at the time you sign the Franchise Agreement. The Additional Territory Marketing Fee is \$37,500. The Additional Territory Marketing Fee will be used to conduct marketing and promotional activities for your Spray-Net Franchise in the reserved Additional Territory. The Additional Territory Marketing Fee is non-refundable once paid.
- (6) Equipment Fee. The equipment includes, but is not limited to, the trailer, trailer clips Spray-Net booth (tent) and an initial set of equipment and inventory for the trailer for use in providing the Services.
- (7) Starter Kit Fee. The starter kit includes, but is not limited to, the initial set of business supplies such as uniforms, marketing brochures and materials, letterhead, and business cards.
- (8) Vehicle Signage. You must purchase our approved vehicle wrap signage and have it professionally applied. We will provide you with the specifications that must be followed. The average cost for the vehicle wrap signage is between \$1,500 and \$2,500 for one vehicle.
- (9) Miscellaneous Supplies and Equipment. . This fee covers miscellaneous supplies and equipment not included as part of the Starter Kit or Equipment.
- (10) Permits, Deposits, Business Licenses, and Professional Fees. Your locality where you will operate your Spray-Net Franchise may require a permit or business license to operate the franchised business. You are responsible for obtaining any permits or business licenses required in your locality and are also responsible for any and all costs incurred in connection with compliance with federal and state laws relating to the operation of the Spray-Net Franchise. You should consult with your attorney or local city, county and state authorities about the specific

legal requirements for payment of sales tax and business licenses and related types of expenses. These fees also include the estimated cost for business formation.

- (11) Insurance Premiums. You must purchase the insurance coverage specified by us. Insurance premiums will vary under circumstances depending on amounts, your driving record (and employees driving records), the carrier, your location and other factors. You may also incur expenses for worker's compensation insurance depending on your locality and comprehensive general liability insurance. Average annual premium costs range between \$5,000 and \$10,000. If you do not purchase the required insurance, we can purchase it for you and bill you for the cost.
- (12) Computer Hardware and Software. This item includes the estimated cost of an iPad Pro, cell phone, printer, laptop computer and three months Technology Package Fee. The lower estimates assumes you already own an iPad Pro, cell phone, printer and laptop computer. The high estimate assumes you will purchase the iPad Pro, cell phone, printer and laptop computer.
- (13) Initial Training - Travel and Lodging Expenses. We provide a 10-business day training at our headquarters located in Quebec, Canada or at another location designated by us for you and one additional person. You must pay for airfare, lodging, meals, ground transportation, salaries and benefits, and any other personal expenses for yourself and any additional attendees incurred during this time to attend the initial training program. The cost for travel will vary by such factors as traveling distance, method of travel, timing of travel and your choice of accommodations. We also provide on-site sales and production training at your location for five business days for you and your team members and five-business day production training at your location for you and your team members. Such on-site sale and production training occurs after the initial training at a time determined by us and will take place more than 30-days after the initial training.
- (14) Vehicle. We do not require that you purchase a vehicle as long as you already own a suitable vehicle in good condition that meets our specifications. If you do not already own a suitable vehicle, you must either lease or purchase such a vehicle. The range provided in this Franchise Disclosure Document assumes that you will lease a vehicle. If you buy a vehicle, the costs you incur will be more. A vehicle can be leased, depending on your credit and the auto dealer, with an approximate \$1,000 deposit and monthly payments negotiated with the auto dealer. If it is not leased, the approximate cost to purchase a new vehicle is estimated at \$30,000. The high-end estimate assumes a monthly lease payment and the low-end estimate assumes that you already have a suitable vehicle.
- (15) Additional Funds. This is for budgeting purposes only to account for the start-up phase of your Spray-Net Franchise and other unanticipated expenses. This amount includes estimated operating expenses you should expect to incur during the first 12 months of operations, , not including any revenue generated by your Spray-Net Franchise. It includes payroll costs (but not a draw or salary for you), accounting and other professional fees, and other operational expenses. These figures are estimates. You may incur additional expenses starting your business. Your costs depend on several factors, including how well you follow our methods and procedures; your management skill; experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition and the sales level reached by your Spray-Net Franchise during the initial period. We require that you have these funds available in your business bank account prior to us awarding you the Spray-Net Franchise.
- (16) Total Estimated Initial Investment. This category does not include any sales, use, or similar taxes that may be assessed by state or local authorities. You should check with your local and state

governmental agencies for any taxes that may be assessed. We have relied on our experience in preparing these figures. You should review these figures carefully with a business adviser before you make any decision to purchase a Spray-Net Franchise. These figures are estimates and we cannot guarantee that you will not incur additional costs. Your financial condition and arrangements negotiated by you and the business decisions you make will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have standards and specifications for your equipment, supplies, inventory, uniforms, paint, supplies, advertising materials and most other items used in your Spray-Net Franchise. Standards and specifications include requirements for delivery, performance, warranties, quality and other restrictions. You must purchase or lease all equipment, supplies, inventory, uniforms, advertising materials, and services sold through your Spray-Net Franchise per our standards and specifications only from sources authorized by us. When you sign the Franchise Agreement, we will make available to you our standards and specifications and a list of our authorized suppliers as part of our Operations Manual. Our standards and specifications have been prescribed in order to maintain a uniform standard of high quality, value, customer recognition, advertising support and availability to be furnished to the public in connection with our Marks. In operating your Spray-Net Franchise, all equipment, inventory, uniforms, advertising materials, and supplies must conform to our standards and specifications, which have been established through years of experience. In order to maintain our standards of consistent, high quality products, customer recognition, advertising support, value and uniformity in our Spray-Net Franchises, you must purchase all of your required equipment, uniforms, advertising materials, and supplies used in your Spray-Net Franchise, per our specifications and standards, only from us, our Affiliates or our approved suppliers and distributors which are currently the only approved suppliers of these products and services. In the future, we may modify our specifications for equipment, advertising materials, uniforms and supplies. We have the right to change these standards and specifications on 30 days' prior written notice to you. We estimate that the cost of purchases from designated or approved suppliers' represents approximately 25% to 35% of your total purchases in connection with the establishment of your Spray-Net Franchise, and between 11% and 17% of your ongoing expenses.

Our Affiliate, SN Marketing, through our parent SN International, is the designated supplier of marketing and advertising services. Our Affiliate, SN Distribution USA is the designated supplier of paint and certain equipment and supplies. Certain officers and directors own SN Marketing, SN International and SN Distribution USA. As of the date of the FDD, SN Marketing, SN International and SN Distribution USA have not earned any revenue from Spray-Net Franchises in the US for marketing and advertising services and for paint and other equipment and supplies.

Since the date of our Franchise Disclosure Document we have not sold any franchises and have not collected revenue from franchisees for required purchases.

If you want to purchase or lease any supplies, equipment, uniforms, advertising materials, or services not previously authorized by us, you must first notify us and obtain our written

approval. We will provide you with our specifications and standards for approval. Each request must be in writing and contain the product's or service's name, manufacturer and supplier, along with its specifications, cost and uses. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether those items meet our specifications. We may charge you a fee to evaluate the product or service. The fee to evaluate the product or service is up to \$750. Your request will be reviewed by us and we will respond in writing within a period of 30 days to 12 months (depending on the product or service) from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. In some situations where products may require testing by an independent laboratory, the request may not be approved or rejected within 12 months. In those situations, we will advise you of any delay and the approximate time for notification of authorization or rejection of the request. If a product or service is accepted, we will include it in our authorized products, services and supplier list and make it available to all of our franchisees.

Franchisees operating Spray-Net Franchises must offer their customers our then current, required warranties on the Services described in the Operations Manual. Currently, our required warranties include a 15-year warranty against paint peeling. We may change these required warranties at any time.

Franchisees operating Spray-Net Franchises must license from us or our designated supplier certain technology. The Technology Package Fee is currently \$210 per month but may vary depending on the number of users you provide the technology to and the email package you select. If you do not already have an iPad Pro, printer, laptop computer and cell phone (collectively, "**Hardware**") you are required to purchase the Hardware for use in your Spray-Net Franchise.

You must maintain the following minimum insurance coverage during the term of your Franchise Agreement:

1. Comprehensive public/general liability and property damage insurance, including personal and bodily injury liability, contractual liability, employer's liability, and owner's and contractors protective insurance coverage for the activities conducted by you and any employee or contractor performing work for your Spray-Net Franchise, with policy limit of at least \$2,000,000 per occurrence or other amounts specified in the Operations Manual;
2. Automobile and comprehensive liability insurance with limits of at least \$2,000,000 to \$5,000,000 combined single limit of liability, including hired and non-owned auto liability for bodily injury and property damage or other amounts specified by us in the Operations Manual;
3. Workers compensation or similar insurance as required by law;
4. Business interruption insurance in the amount that is equivalent to the monthly average of Gross Income during the prior 12-month period or such higher amount as may be required by us.

All insurance coverage must be maintained under one or more policies of insurance issued by insurance carriers with a performance rating acceptable to us as may be described in the Operations Manual. All insurance policies required must (i) name us and an additional insured; and (ii) contain a waiver by insurance carrier of all subrogation rights against us or our affiliates, officers, directors and employees.

We do not have any purchasing or distribution co-operatives as of the date of this Franchise Disclosure Document. We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees. We reserve the right to receive rebates, commissions or other consideration from designated and approved suppliers, distributors or manufacturers. We do not provide material benefits, such as renewing or granting additional franchises, to Franchisees based on their use of designated or approved suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	N/A	ITEM 7 and ITEM 11
b. Pre-opening purchases/leases	Section 9	ITEM 7 and ITEM 8
c. Site development and other pre-opening requirements	Sections 9 and 10	ITEM 6, ITEM 7 and ITEM 11
d. Initial and ongoing training	Section 5	ITEM 7 and ITEM 11
e. Opening	Section 10	ITEM 7 and ITEM 11
f. Fees	Section 7	ITEM 5, ITEM 6 and ITEM 7
g. Compliance with standards and policies/Operations Manual	Sections 10 and 11	ITEM 8, ITEM 11, ITEM 13 and ITEM 14
h. Trademarks and proprietary information	Sections 15 and 18	ITEM 13 and ITEM 14
i. Restrictions on products/services offered	Sections 9, 10 and 22	ITEM 8 and ITEM 16
j. Warranty and customer service requirements	Sections 10 and 13	ITEM 8
k. Territorial development and sales quotas	Section 3 and Protected Right to Acquire Additional Territory Addendum	ITEM 1 and ITEM 12
l. On-going product/service purchases	Sections 9 and 10	ITEM 8
m. Maintenance, appearance and remodeling requirements	Section 10	ITEM 17
n. Insurance	Section 14	ITEM 6; ITEM 8

Obligation	Section in Agreement	Disclosure Document Item
o. Advertising	Section 16	ITEM 6, ITEM 7 and ITEM 11
p. Indemnification	Section 24.4	ITEM 6
q. Owner's participation/ management/staffing	Section 12	ITEM 15
r. Records/reports	Section 8	ITEM 14
s. Inspections/audits	Sections 8 and 13	ITEM 8 and ITEM 11
t. Transfer	Section 17	ITEM 5, ITEM 6, and ITEM 17
u. Renewal	Section 4	ITEM 17
v. Post-termination obligations	Section 20	ITEM 17
w. Noncompetition covenants	Section 18	ITEM 17
x. Dispute resolution	Section 23	ITEM 17
y. Compliance with all laws and regulations	Section 10	ITEM 17

ITEM 10 FINANCING

Neither we nor any agent or Affiliate of ours offers direct or indirect financing. We do not guarantee your note, lease or other obligation. We do not currently place financing with anyone and do not receive any payment or benefit for-placement of financing. We do not have any past or present practice to sell, assign or discount to any third party, in whole or in part, any financing arrangements. We reserve the right to offer financing or assist franchisees in obtaining financing in the future.

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

Before the opening of your Spray-Net Franchise, we (or our designee) are required by the Franchise Agreement to provide the following assistance and services to you.

1. We designate your Exclusive Territory to operate your Spray-Net Franchise. (Section 6.1.1 and Schedule A, Franchise Agreement).

2. We loan you one copy of our confidential and proprietary Operations Manual (Section 6.1.2, Franchise Agreement). The Operations Manual consists of one or more manuals, technical bulletins or other written materials and may be modified by us periodically. The Operations Manual may be in printed or in an electronic format in our discretion. We reserve the right to require you to use an electronic version of the Operations Manual and to require you to access the document using the Internet or an intranet created and supported by us. The

Operations Manual contains approximately 80 pages. The table of contents for the Operations Manual is attached as **Exhibit D**.

3. We provide you with the Starter Kit, which includes an initial set of business supplies, such as marketing brochures, letterhead, uniforms and business cards. You will pay us the Starter Kit Fee. If you need additional supplies or materials included in the Starter Kit, you must pay for those additional items. (Section 6.1.3, Franchise Agreement).

4. We provide you with Equipment, including the trailer, trailer clips and initial set of equipment for one trailer. You will pay us the Equipment Fee. If you need additional equipment or an additional trailer, you must pay for those additional items at the then current costs. (Section 6.1.4, Franchise Agreement).

5. We provide you with written specifications and guidelines for opening inventory and supplies, some of which will be purchased from our required or approved suppliers per our specifications. (Section 6.1.5, Franchise Agreement).

6. We provide an initial training program for you or, if you are not an individual, your Designated Person, and one additional person at our headquarters or other location chosen by us for up to 10 business days. (Section 5.1.1, Franchise Agreement). You must pay for airfare, lodging, meals, ground transportation, salaries and benefits (for your employees), and any other personal expenses for yourself and any additional attendees incurred during this time. We will also provide you up to five business days of sales training and five business days of production training at your location for you and your staff (Section 5.1.1, Franchise Agreement).

7. We provide you with recommendations and advice on pre-opening and grand opening marketing and advertising for your Spray-Net Franchise. (Section 6.1.5, Franchise Agreement).

8. We provide you with guidance, strategy and advice for pre-opening your Spray-Net Franchise at your reasonable request during our regular business hours via the telephone, email or other means we determine. (Section 6.1.5, Franchise Agreement).

9. We provide you with initial marketing. You will pay the Initial Marketing Fee (Section 6.1.7, Franchise Agreement).

We are not required to provide any other service or assistance before you open your Spray-Net Franchise.

Continuing Obligations

During the term of the Franchise Agreement we (or our designee) are required to provide the following assistance and services to you:

1. We provide you with initial marketing. You will pay the Initial Marketing Fee (Section 6.2.1, Franchise Agreement).

2. We provide you advice and consultation, as we believe is necessary, regarding the continuing operation and management of your Spray-Net Franchise. (Section 6.2.2, Franchise Agreement). There are no separate charges for these services.

3. We make available to you information regarding any new product, service or suppliers or any updated methods of doing business. (Section 6.2.3, Franchise Agreement). There are no separate charges for these services.

4. Our affiliate, SN Marketing, through our parent SN International, will provide our then current marketing support, which may include the management and production of marketing materials and placement of advertising, marketing and other promotional programs for your Spray-Net Franchise. (Section 6.3, Franchise Agreement). You will pay the Franchisee Advertising Fee.

5. We make a representative reasonably available to you via the telephone or email during our normal business hours as we determine is necessary to discuss your Spray-Net Franchise and marketing strategy or advice for your Spray-Net Franchise. You are responsible for any applicable charges, which may apply for such additional assistance and/or resources (Section 6.2.2 and 6.2.6, Franchise Agreement).

6. We may develop new services, products and offerings from time to time that may be used by you in your Spray-Net Franchise (Section 6.2.3, Franchise Agreement).

7. We may choose to provide you with continuing national, regional or local workshops and seminars that we hold in our discretion. (Sections 5.2 and 5.3, Franchise Agreement).

8. We, an affiliate or a third party we select may provide you with call center services and/or other referral services (Section 6.2.5, Franchise Agreement). You will pay fees for the call center services and/or referral services, if any.

9. We, an affiliate or a third party we select will administer and manage the Regional Advertising Fund and the National Marketing Fund (Section 6.2.6, Franchise Agreement).

We reserve the right, in our discretion, to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to a regional director franchisee with regional responsibility over the geographic area in which you operate your Spray-Net Franchise. These obligations may include, but are not limited to, initial and ongoing training, and operations support.

Advertising Programs

Local Advertising Requirement for Your Spray-Net Franchise

Under the Franchise Agreement, you will pay us (as we determine) the Franchisee Advertising Fee in the amount of 6% of your Gross Income each week. We, SN Marketing or our other designee will provide marketing agency type services for production and placement of marketing, advertising and other promotional programs for your Spray-Net Franchise.

Regional Advertising Fund Contribution

Under the Franchise Agreement, you must pay us a Regional Advertising Fund Contribution in the amount of 3% of your Gross Income for marketing and brand development purposes in region that includes your Exclusive Territory as further described below. You will pay the Regional Advertising Fund Contribution on a weekly basis.

National Marketing Fund Contribution

Under the Franchise Agreement, you must pay us a National Marketing Fund Contribution of 2% of your Gross Income for marketing and brand development purposes on a national level as further described below. You will pay the National Marketing Fund Contribution on a weekly basis.

All marketing and advertising services will be provided at the times determined by us taking into consideration factors such as your territory, the seasonality of the Spray-Net Franchise services, weather related conditions and timing for home improvement projects generally.

The Regional Advertising Fund and the National Marketing Fund

We will deposit the Regional Advertising Fund Contribution and the National Marketing Fund Contribution in separate bank accounts, commercial accounts or savings accounts (“**Regional Advertising Fund**” and “**National Marketing Fund**”). We will require Spray-Net Franchises operated by us or our Affiliates, if any, to contribute to the Regional Advertising Fund and National Marketing Fund as well. The Regional Advertising Fund and National Marketing Fund will be administered by us or SN International in our discretion. SN Marketing will act as an advertising agency or media buyer pursuant to our agreement with SN Marketing and SN International. We may also use other professional advertising agency or media buyer to assist us or we may act as a professional advertising agency or media buyer. SN Marketing and/or SN International will be paid a fee for providing professional advertising agency services.

We may reimburse ourselves SN Marketing and/or SN International from the Regional Advertising Fund and the National Marketing Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Regional Advertising Fund and National Marketing Fund. We and our Affiliates and parent company, including SN Marketing and SN International, may receive payments for providing goods or services to the Regional Advertising Fund and

National Marketing Fund, including receiving a percentage of production costs and a margin on printed materials when providing advertising agency or media buying services to the Regional Advertising Fund and National Marketing Fund. We assume no other direct or indirect liability or obligation to collect amounts due to the Regional Advertising Fund and National Marketing Fund or to maintain, direct or administer the Regional Advertising Fund and National Marketing Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Regional Advertising Fund and National Marketing Fund on any terms we deem reasonable. Since we do not have this fund audited, audited financial statements are not available to franchisees. We will make available to you on quarterly basis accounting for the Regional Advertising Fund and National Marketing Fund that shows how the Regional Advertising Fund and National Marketing Fund proceeds have been spent for the previous quarter upon your request.

We may use the Regional Advertising Fund and National Marketing Fund for the creation, production and placement of commercial advertising; agency costs and commissions (including agency costs and commission paid to us if we act as the agency or media buyer); creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff assistance, salaries, overhead expenses and related administrative costs related to administering and operating the Regional Advertising Fund and National Marketing Fund and its programs; social media; accounting and collecting the Regional Advertising Fund Contributions and National Marketing Fund Contributions; local promotions; supporting public relations; market research, testing and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, radio or television. We may use in-house staff to create advertising and promotional materials and may reimburse ourselves for expenses, including salaries for such services. We do not guarantee that advertising expenditures from the Regional Advertising Fund and National Marketing Fund will benefit you or any other Franchisee directly, on a pro rata basis, or at all. We undertake no obligation to ensure that the Regional Advertising Fund and National Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of Franchisees operating in that geographic area.

As of the date of this Franchise Disclosure Document, we have not collected any Regional Advertising Fund Contributions or National Marketing Fund Contributions from US Franchisees.

You must order sales and marketing material from us or our designated supplier. We may permit you to create your own advertising and promotional materials; however, all advertising and promotions created by you must be approved by us in advance before you use them and must comply with our graphic standards. Your request will be reviewed by us and we will respond in writing within 10 business days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold without our prior written approval. Although we currently do not do so, we reserve the right to form an advertising council.

Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

We retain the sole right to use the Marks and market on the Internet, including all use of Web sites, domain names, URL's, linking, advertising, and co-branding arrangements. You may not establish a presence on the Internet except as we may specify, and only with our prior written consent. We retain the right to approve any linking to or other use of our Web sites.

Computer Systems

You must own the Hardware that meets our specifications (“**Computer System**”). The estimated cost for the Computer System is \$3,100.

You must use our designated cloud based software on your Computer System. You will be required to pay our then current Technology Package Fee. Currently, the Technology Package Fee is \$210 per month but may be more depending on the email package you select and the number of users (estimated increase is \$15 per user). The software enables us to collect information concerning your sales, production, KPIs and P&Ls and directly connects to Quickbooks® Online. We do have independent access to the information stored through our required software. We also have the right to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive information through the software.

Our approved software supplier may provide normal system maintenance and updates for the software from time to time. We or our approved supplier may upgrade the software from time to time. However, we are under no obligation to provide you with any ongoing service related to the software. We reserve the right to require you, at your expenses and in the time frame determined by us to update, upgrade or change the Computer System and software you use in the Spray-Net Franchise to conform to new standards or specifications. As technology improves, you will be required to upgrade your Computer System to conform or purchase a new Computer System. No contractual limit exists on the frequency or cost of this obligation.

We may revise our specifications at any time in our discretion. We do not provide technical support for your Computer System or software.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such communications and computer-related problems.

Customer Warranty

You must provide to your customers the warranties as set out in the Operations Manual, which may include a 15-year warranty against peeling.

Site for Business

We do not currently require that you operate your Spray-Net Franchise from a warehouse or other industrial space. However, you may be restricted from operating the Spray-Net

Franchise from your home by local ordinance, CC&Rs, community rules and other regulations. We also reserve the right to require that you operate your Spray-Net Franchise from a warehouse or other industrial space.

Schedule for Opening

If you are purchasing a new Franchise, we estimate that the typical length of time between the signing of the Franchise Agreement and the opening your Spray-Net Franchise is approximately 90 days. Unless we grant you an extension of time in writing, which may be granted or denied in our sole discretion, you must have your Spray-Net Franchise open and in operation no later than 120 days after you sign the Franchise Agreement. Some factors that may affect this timing are your ability to secure any necessary financing, the timing of the delivery of equipment and supplies, the availability and scheduling the initial training program, the timing of your initial and grand opening marketing, the timing and available of staff for your on-site training.

You must establish and operate your Spray-Net Franchise in compliance with the Franchise Agreement and the standards and specifications contained in the Spray-Net confidential operations manual (“**Operations Manual**”) loaned to you by us. The Operations Manual consists of one or more manuals, technical bulletins or other written materials and may be modified by us periodically. The Operations Manual may be in printed or in an electronic format in our discretion. We reserve the right to require you to use an electronic version of the Operations Manual and to require you to access the document using the Internet or an intranet created and supported by us. The Table of Contents for the Operations Manual is attached to this Franchise Disclosure Document as **Exhibit D**.

Training Programs

Before the opening of your Spray-Net Franchise, we provide an initial training program conducted at the times designated by us if you are a new Franchisee. This training is usually conducted at our corporate headquarters located in Quebec, Canada, but the training course may be held elsewhere in the future in our discretion. The initial training program lasts up to 10 business days of classroom instruction. We also provide up to five business days of sales training (“**Sales Training**”) and up to five business days of production training (“**Production Training**”) in your Exclusive Territory. The Sales Training is conducted after (1) you have satisfactorily completed the classroom instruction; (2) the initial and grand opening marketing for your Spray-Net Franchise begins; and (3) you have secured an agreed to number of appointments for Services. The Production Training is conducted after you complete the Sales Training and have secured an agreed to number of contracts for Services.

The instruction materials for the initial training program include the Operations Manual, power-point slides and on-line course materials.

You or, if you are not an individual, your Designated Person and up to one additional person must attend and successfully complete the initial training program to our satisfaction.

You may have up to two people attend the training program conducted at our headquarters (or such other location we designated) at no additional cost. If you have additional

participants attend the initial training program you will pay our then current fees for each additional participant and you must receive our prior approval. If a Designated Person’s employment with you is terminated, you must designate a new Designated Person who must successfully complete our initial training program within 90 days after the termination of the initial Designated Person, unless we do not hold an initial training program during that 90-day period in which case the replacement Designated Person must attend and successfully complete the first available initial training program held by us. You may be charged a training fee for a replacement Designated Person, and the costs for airfare, ground transportation, lodging, meals, and the Designated Person’s salary and benefits must be paid by you.

You will pay the Initial Training Fee for the initial training program. You must pay for airfare, lodging, most meals, ground transportation, salaries and benefits, and any other personal expenses for yourself and any additional attendees incurred during this time.

The subjects covered in the initial training program and the approximate amount of time devoted to each subject is described below. However, the initial training program may be modified at our discretion. The exact number and distribution of hours of training may vary.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours On-the-Job Training	Location
The Company	2	N/A	Spray-Net Hq
Territories	1.5	N/A	Spray-Net Hq
Structure	1.5	N/A	Spray-Net Hq
What Sets Us Apart	2	N/A	Spray-Net Hq
Our Commitment	1.5	N/A	Spray-Net Hq
Task Descriptions	2	N/A	Spray-Net Hq
Hiring And Training	1.5	N/A	Spray-Net Hq
Paint 101	8	N/A	Spray-Net Hq
Sales	8	N/A	Spray-Net Hq/On Site
Production On Site And Procedure – Operations	8	N/A	Spray-Net Hq/On Site
Spray-Network Sales Consultation: (Sales Contract)	6	N/A	Spray-Net Hq

Subject	Hours of Classroom Training	Hours On-the-Job Training	Location
Production Sheet – Operational Efficiencies	4	N/A	Spray-Net Hq
Products Needs And Ordering	2.5	N/A	Spray-Net Hq
Business Development – Marketing Strategies And Budget Allocations	16	N/A	Spray-Net Hq
Yearly Budget & Cash Flow	4	N/A	Spray-Net Hq
Cash Re- Injection For Growth	1.5	N/A	Spray-Net Hq
Dashboard	2	N/A	Spray-Net Hq
Franchise Partner Support & Services	2	N/A	Spray-Net Hq
Question and Answer and Training Evaluation	4	N/A	Spray-Net Hq
Total	80	0	

SALES TRAINING

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
First Contact with Customer	N/A	2.5	Franchisee’s Exclusive Territory
First walk around the House with Customer	N/A	2.5	Franchisee’s Exclusive Territory
Second walk around the House apply Spray Network	N/A	10	Franchisee’s Exclusive Territory
Discussion around project with customer	N/A	2.5	Franchisee’s Exclusive Territory
Make suggestion of services in line with customer expectations	N/A	2.5	Franchisee’s Exclusive Territory
Talk about the company	N/A	2.5	Franchisee’s Exclusive Territory

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Finalize estimate	N/A	2.5	Franchisee's Exclusive Territory
Review estimate with client	N/A	2.5	Franchisee's Exclusive Territory
Show the price to the customer for discussion	N/A	2.5	Franchisee's Exclusive Territory
Explain the contract and conditions	N/A	2.5	Franchisee's Exclusive Territory
Show the customer videos of Spray-Net on iPad	N/A	2.5	Franchisee's Exclusive Territory
Closing the sale	N/A	2.5	Franchisee's Exclusive Territory
Set production date	N/A	2.5	Franchisee's Exclusive Territory
Total	N/A	40 hours	

PRODUCTION TRAINING

Subject	Hours: Classroom Training	Hours: On-the-Job Training	Location
Trailer organization / Inventory	N/A	4.5	Franchisee's Exclusive Territory
Team building / Company building	N/A	7.5	Franchisee's Exclusive Territory
Trailer tools	N/A	3	Franchisee's Exclusive Territory
Work plan and strategy	N/A	.75	Franchisee's Exclusive Territory
Team Organization	N/A	.75	Franchisee's Exclusive Territory
Preparing the big gun	N/A	.75	Franchisee's Exclusive Territory
Preparing the small gun	N/A	.75	Franchisee's Exclusive Territory
How to prep a window / door	N/A	.75	Franchisee's Exclusive Territory

Subject	Hours: Classroom Training	Hours: On-the-Job Training	Location
Difference between orange and blue tape	N/A	.75	Franchisee's Exclusive Territory
Taping soffit	N/A	.75	Franchisee's Exclusive Territory
Taping a window	N/A	.75	Franchisee's Exclusive Territory
Using a 3M tape gun	N/A	.75	Franchisee's Exclusive Territory
Putty, Hardener mix, Sanding	N/A	1.5	Franchisee's Exclusive Territory
How to prime the surface	N/A	.75	Franchisee's Exclusive Territory
How to paint with the small gun	N/A	1.5	Franchisee's Exclusive Territory
How to paint with the big gun	N/A	1.5	Franchisee's Exclusive Territory
How to clean the small gun	N/A	1.5	Franchisee's Exclusive Territory
How to clean the big gun	N/A	2.25	Franchisee's Exclusive Territory
How to walk with a ladder	N/A	.75	Franchisee's Exclusive Territory
How to place a ladder safely	N/A	.75	Franchisee's Exclusive Territory
How to use jaws ladder	N/A	.75	Franchisee's Exclusive Territory
Explain the different paints and coatings	N/A	.75	Franchisee's Exclusive Territory
How to unmask	N/A	.75	Franchisee's Exclusive Territory
How to set up and use a harness	N/A	1.5	Franchisee's Exclusive Territory
How to take the harness off	N/A	1.5	Franchisee's Exclusive Territory
How to make gutters off and label	N/A	.75	Franchisee's Exclusive Territory
How to make door handle off	N/A	.75	Franchisee's Exclusive Territory
How to take the door off	N/A	1	Franchisee's Exclusive Territory
Total	N/A	40 hours	

Currently, there are five instructors that present the training program. Carmelo Marsala presents a majority of the classroom portion of the Initial Training Program at Spray-Net's headquarters. He is the founder and president of Spray-Net and has developed the system over the last seven years. He has presented the classroom portion of the Initial Training Program for over two years. His background is further described in Item 2. Patrice Belair, supervises the Initial Training Program and also teaches a majority of the classroom portion of the Initial Training Program at Spray-Net's headquarters. He has more than 15 years of franchise strategic and operational training experience and his background is further described in Item 2. Gabriel Toupin, has two years experience providing franchisee sales coaching and franchise development for Spray-Net franchisees as a Spray-Net regional director in Montreal, Canada. Jérémie Soucy has two years experience providing franchisee sales coaching and franchisee development support for Spray-Net franchisees. Jack Marsala has four years experience providing franchisee production coaching and production training to Spray-Net Franchisees.

We may present seminars, conventions or continuing development programs for the benefit of Franchisees. Your attendance at most of these seminars is voluntary. However, you or your Designated Person must attend any mandatory seminar, convention, or program we may offer. You or your Designated Person will not be required to attend any mandatory seminar, convention or program more than once per year. We will give you at least 30 days' prior written notice of any seminar, convention or program that are considered mandatory. You pay for your travel and living expenses incurred in attending any mandatory or voluntary seminar, convention or training program. In addition, we may charge our then current published fee for attendance at any of the seminars, conventions and programs.

ITEM 12 TERRITORY

You will be granted an exclusive territory ("**Exclusive Territory**") in which to sell the Services you are authorized to sell by the Franchise Agreement. You may not sell Services outside your Territory without our approval, which may be withheld in our sole determination. Your Territory is based on demographics and other characteristics including number of households, median household incomes, estimates of improvements and alteration expenditures per household and other characteristics of the surrounding area. The estimated size of each Territory is 100,000 single detached homes ("**Territory Limit**").

We use a third party supplier to provide information to us for use in determining the Territory. We have the exclusive right to determine the boundaries of your Territory in our sole discretion.

You are prohibited from relocating the Spray-Net Franchise outside of your Territory. Your Territory will be described in your Franchise Agreement.

You may be granted, in our sole discretion, express permission to sell or service customers in an unsold territory adjacent to your Territory ("**Adjacent Territory**"). You must include sales from Adjacent Territory(ies) in your Gross Income. You must agree that when an Adjacent Territory is granted to another franchisee, you will, upon receipt of written notice from us, cease all sales efforts within the Adjacent Territory, and return to us, within 10 days of the notice, all customer and prospect information related to the Adjacent Territory. You will be

permitted to complete any contract for Services entered into prior to our written notice. You do not have any first claim on the Adjacent Territory.

The continuation of your right to operate your Spray-Net Franchise is dependent on your ability to satisfy our requirements that you generate a minimum amount of sales for Services on an annual basis (“**Minimum Performance**”). The Minimum Performance for the first year of the Term of the Franchise Agreement in Territories where the Spray Net Business is operated on a seasonal basis is \$200,000 per Territory. The Minimum Performance for the first year of the Term of the Franchise Agreement in Territories where the Spray Net Business is not operated on a seasonal basis is \$275,000. The Minimum Performance for the second year of the Term of the Franchise Agreement in Territories where the Spray Net Business is operated on a seasonal basis is \$300,000 per Territory. The Minimum Performance for the first year of the Term of the Franchise Agreement in Territories where the Spray Net Business is not operated on a seasonal basis is \$375,000. After the second year of the Term of the Franchise Agreement the Minimum Performance will be increased each year of the Term for each Territory based on the percentage increase in the U.S. consumer price index for the preceding year. If you do not meet the Minimum Performance established for your Spray-Net Franchise for a Territory, your Franchise may be revoked. If you do not satisfy the Minimum Performance, we may provide you with additional service to help you improve your sales, but you must pay the expenses related to those services. The Minimum Performance is not, and should not be considered, an earnings estimate for your Spray-Net Franchise or a representation regarding your potential earnings as a Franchisee. We will indicate in your Franchise Agreement, Exhibit A if you are operating your Spray Net Business on a seasonal basis or non-seasonal basis.

You may face competition from other franchisees or from other channels of distribution or competitive brands that we control. We reserve for ourselves the exclusive right to market any other products or services utilizing the Proprietary Marks or other marks utilizing alternative distribution channels, including over the Internet. We are not required to compensate you for any solicitation or acceptance of orders inside your territory via alternative channels of distribution. If you advertise or market your Spray-Net Franchise outside of your Territory (unless you have paid the Additional Territory Marketing Fee), you will be in breach of your Franchise Agreement, and we would have the right to terminate your Franchise.

We reserve the right, among others:

1. to own, franchise, or operate Spray-Net Franchises at any location outside of the Territory, if applicable, regardless of the proximity to your Territory;
2. to use the Marks and the System to sell any products or services, similar to those which you will sell, through any channels of distribution within or outside of the Territory. This includes, but is not limited to, home improvement stores, national or regional accounts, paint stores, and other channels of distribution. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet, conduct e-commerce or engage in social networking using the Marks on the Internet without our advanced written approval;
3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative

channels of distribution, at any location, including within the Territory, which may be the same as, similar to or different from the Spray-Net Franchise operated by you;

4. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Spray-Net Franchise, wherever located;

5. to implement multi-area marketing programs which may allow us or others (including designated third-party distributors) to solicit or sell, to customers anywhere (“**National Accounts**”). We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

6. to use and license the use of the Marks and System to provide commercial painting services, anywhere including in the Territory

At the time you sign the Franchise Agreement, we may offer to qualified candidates the opportunity to purchase one Additional Territory within the Additional Territory Exercise Period. If you are granted this right, you will pay a non-refundable Additional Territory Marketing Fee, which we will use to market your Spray-Net Franchise in the designated Additional Territory. Before you can purchase the Additional Territory you must meet the Conditions. If you do not meet the Conditions, we may not grant you the Additional Territory. (See Item 5 for additional information). Except as described above, You do not have any options, rights of first refusal or rights to purchase any additional Franchises unless we expressly agree to grant you such rights in writing.

ITEM 13 TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use our Marks, including the trademark “**SPRAY-NET™**,” and various designs and logos associated with our Services. You may also use our other current or future Marks as we may designate to operate your Spray Net Franchise. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator of the Spray Net Franchise and you shall use only the appropriate and authorized Marks as indicated by us.

The Marks are owned by Entretien Esthétique Extérieur: Spray-Net Inc. (“**EEE**”) and are licensed exclusively to us and our Affiliates. EEE has granted us an exclusive, royalty-free license (“**Trademark License**”) to use the Marks for purposes of franchising the System around the world. The Trademark License extends for 40 years, commencing April 25, 2016, but it will automatically renew for subsequent 40 year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. In the event the Trademark License is terminated, EEE has agreed to license the use of the Marks directly to our Franchisees until such time as each Franchise Agreement expires or is otherwise terminated.

EEE has applied to register the following Marks with the USPTO on the Principal Register:

Mark	Application Filing Date	Status	Serial No.
SPRAY-NET	September 29, 2015	Pending	86771933
	November 3, 2015	Pending	86808408

We also have a license for the right to use certain Marks from SN Franchisor Canada. SN Franchisor Canada has granted us an exclusive, royalty-free license (“**Trademark License**”) to use the Marks for purposes of franchising the System around the world. The Trademark License extends for 40 years, commencing April 25, 2016 but it will automatically renew for subsequent 40 year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. In the event the Trademark License is terminated, SN Franchisor Canada has agreed to license the use of the Marks directly to our Franchisees until such time as each Franchise Agreement expires or is otherwise terminated.

SN Franchisor Canada has applied to register the following Marks with the USPTO on the Principal Register:

Mark	Application Filing Date	Status	Serial No.
FASHION FOR YOUR HOME	April 20, 2016	Pending	87008359
SAME ADDRESS NEW LOOK	April 20, 2016	Pending	87008223
LIQUA-WRAP	April 20, 2016	Pending	87008094
PRE-TINT	April 20, 2016	Pending	87007933
FORMULATION TO APPLICATION	April 20, 2016	Pending	87007626

We do not have a federal registration for the trademarks identified above. Therefore, these trademarks do not have as many legal benefits and rights as a federally-registered trademark. If our right to use the trademark is challenged, you may have to change to an alternate trademark, which may increase your expenses.

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLs, domain names, e-mail addresses, locators, links, metatags or search techniques, except as we license to you. You must get our

prior written approval of your company name before you file any registration documents. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion.

You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. No currently effective litigation affects our use or ownership rights in any Mark. Except as described above, no currently effective agreement limits our right to use or license the use of our Marks.

You must notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We will take the action necessary, in our sole discretion, to protect the unauthorized use of our Marks, which may include our payment of reasonable costs associated with the action. We are not obligated to protect your rights to use the Marks or protect you against any claims of infringement or unfair competition arising out of your use of Marks. We will have no obligation to defend or indemnify you if a claim against you relates to your use of the Marks in violation of the Franchise Agreement.

You must modify or discontinue the use of a Mark if we modify or discontinue its use at your cost. If this happens, we will reimburse you for your out of pocket costs up to \$3,500. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business or the System.

We do not know of any infringing uses that could materially affect your use of our Marks. You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before opening your Spray Net Franchise, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your Spray Net Franchise name.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Operations Manual is proprietary and is protected by copyright and other laws. The Operations Manual and the limitations of the use of it by you and your employees are described in this Franchise Disclosure Document. The designs contained in the Marks, the layout of our advertising materials, as well as any other writings or recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for copyright registration for the Operations Manual, the Marks, the advertising materials, and other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted

information (“**Copyright Works**”) in connection with your operation of your Spray Net Franchise but such copyrights remain our sole property.

You must notify us within three days after you learn about another’s use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyright Works or if someone challenges your use of our Copyright Works. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyright Works, which may include payment of reasonable costs associated with the action.

We will indemnify, hold harmless, and reimburse you for your liability and reasonable costs in connection with defending your use of our Copyright Works. To receive reimbursement you must have notified us within the required timeframe upon your learning of the use of identical or substantially similar language or visual image, and you must have used the Copyright Works only per the terms of the Franchise Agreement.

You must add, modify, or discontinue the use of a Copyright Work if we instruct you to do so. You must not directly or indirectly contest our rights to any of our Copyright Works that are part of our business or the System.

We have filed a patent application for a utility patent on October 4, 2016. The title of the patent application is “System and Method for Selecting Paint Compositions Based on Expected Paint Application Conditions.” The PCT filing was issued serial number PCT/CA2016/051156.

Our Operations Manual, electronic information and communications, sales and promotional materials, and other related materials are proprietary and confidential and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets (“**Trade Secrets**”). You must maintain the confidentiality of our information and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and confidential information.

We own all records with respect to the customers, suppliers, and other services providers of, and related in any way to, your Spray Net Franchise. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, e-mail addresses, and customer records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and such other purposes, as we deem appropriate, in our sole discretion.

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

You, or your managing shareholder or partner, are not obligated to participate personally in the direct operation of your Spray Net Franchises so long as a designated manager (“**Designated Person**”), who has completed our initial training program, does so. If you are a

legal or business entity, your Designated Person needs to own at least 10% equity interest in the entity. You or your Designated Person must devote full time and best efforts to the management and operation of your Spray Net Franchise. You or, if applicable, your Designated Person, must successfully complete our mandatory initial training program by demonstrating to us appropriate levels of competence in the subject matters taught in the training program, in our discretion. If your Designated Person's employment with you is terminated, you must designate a new Designated Person who must successfully complete our initial training program within 90 days after the termination of the initial Designated Person, unless we do not hold an initial training program during that 90-day period, in which case the replacement Designated Person must attend and successfully complete the first available initial training program held by us.

If you are a legal or business entity, we may require that each of your officers, directors, partners, shareholders or members that own at least 25% equity interest execute our standard Personal Guarantee (Franchise Agreement, **Schedule F**). We will also require your Designated Person and, if you are a legal or business entity, each of your officers, directors, partners, shareholders or members (and, if you are an individual, immediate family members) execute our standard Non-Competition, Non-Solicitation and Confidentiality Agreement attached to this FDD as **Exhibit C**). Your spouse or domestic partner, if any, must also sign the Franchise Agreement.

In signing the Franchise Agreement, you acknowledge that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. We, as a matter of policy, will not assist you in any decision-making process that may affect the operations of your Spray-Net Franchise. The success or failure of the Spray-Net Franchise as a business enterprise is dependent on your efforts. The purchase of this Spray-Net Franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only the Services and products that are authorized by us and that meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of Services and products specified by us. We may change or add to our required Services and products at our discretion with prior notice to you. You must discontinue selling and offering for sale any services or products that we may, in our discretion, disapprove in writing at any time. We reserve the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions.

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

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 4.1	10 year term
b.	Renewal or extension of the term	Sections 4.3	Your renewal right permits you to continue to operate your Spray-Net Franchise after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to obtain one additional 10 year term. You must sign our then-current Franchise Agreement (“ Successor Franchise Agreement ”) for the renewal term, and this Successor Franchise Agreement may have different terms and conditions (including <i>e.g.</i> higher royalty and/or advertising and marketing contributions) from the Franchise Agreement than covered your original term.
c.	Requirements for franchisee to renew or extend	Sections 4.3, 4.4 and 4.5	Notice; no default or money owed; sign Successor Agreement which may have different terms and conditions (including <i>e.g.</i> higher royalty and/or advertising contributions) from the Franchise Agreement that covered your original term; pay renewal fee. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d.	Termination by you	None	N/A
e.	Termination by us without cause	None	N/A
f.	Termination by us with cause	Sections 19.2 and 19.3	We can terminate if you commit any one of several violations.
g.	“Cause” defined - defaults which can be cured	Section 19.3	You have 30 days to cure (or such shorter or longer period required or permitted by applicable law or otherwise stated in the Franchise Agreement), including failure to

Provision		Section in Franchise Agreement	Summary
			comply with Franchise Agreement, System, Operation Manual, nonpayment of fees and other obligations, and failure to comply with Federal, State and Local laws.
h.	“Cause” defined – non-curable defaults	Section 19.2	Non-curable defaults include, but are not limited to, conviction of a felony by you, your Designated Person or guarantor, fraudulent activity by you, your Designated Person or guarantor, misrepresentation by you, failure to make payments when due and such default continues for more than five days; failure to make payments when due more than two times in a 12 month period, regardless of cure; three or more failures to comply with the Agreement within a 12 month period, regardless of cure; failure to complete Initial Training, bankruptcy††, insolvency, or appointment of a receiver, trademark misuse, unauthorized disclosure of confidential information, unauthorized transfer, change in ownership without approval, abandonment; creation of a sub-franchise; and other defaults not capable of being cured.
i.	Your obligations on termination/non-renewal	Section 20	Obligations include complete de-identification, noncompetition and payments of amounts due.
j.	Assignment of contract by us	Section 17.5	No restriction on our right to assign.
k.	Transfer” by you – definition†	Section 17.1	Includes transfer of interest in Franchise Agreement, Franchise or direct or indirect ownership interest in Franchisee
l.	Our approval of transfer by you	Section 17.2	We have the right to approve all transfers.
m.	Conditions for our approval of transfer	Section 17.3	New Franchisee qualifies, Transfer Fee paid, transferee executes separate Franchise Agreement, execute a general release, training arranged, and transferee personal guarantee.
n.	Our right of first refusal to acquire your business	Section 17.8	We can match any offer for your business.
o.	Our option to purchase your business	Section 20.1.4	We may purchase your inventory and equipment at the depreciated net value less 50% if Franchise Agreement is terminated for any reason.

Provision		Section in Franchise Agreement	Summary
p.	Your death or disability	Section 17.7	Franchise must be assigned by estate to an approved buyer within 180 days.
q.	Noncompetition covenants during the term of the franchise	Section 18.5	No involvement in Competitive Activity anywhere.
r.	Noncompetition covenants after the franchise is terminated or expires [†]	Section 18.5	No competing business for two years within the Exclusive Territory; 50 miles from the boundary of your Exclusive Territory; within another franchisee owned, Franchisor owned or affiliate company owned territory; or 50 miles from the boundary of another franchised, Franchisor-owned or affiliated company owned territory.
s.	Modification of the agreement	Section 24.6	No modification except by mutual execution of the parties but Manual subject to change
t.	Integration/merger clause	Section 24.5	Only the terms of the franchise agreement are binding (subject to state law); any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution	Section 23	Except for certain claims all disputes must be arbitrated.
v.	Choice of forum	Section 23.4	Delaware (subject to State law).
w.	Choice of law	Section 23.7	Delaware (subject to State law).

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

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 possible performance at a particular location or under particular circumstances.

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 projects of your future income, you should report it to us by contacting Patrice Belair at 438-825-7642.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary (United States)
For Years 2013-2015

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
Company-Owned	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
Total Outlets	2013	0	0	0
	2014	0	0	0
	2015	0	0	0

Table 1

Canadian Systemwide Outlet
For Years 2013 – 2015

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2013	0	0	0
	2014	2	2	0
	2015	2	10	8
Company-Owned	2013	0	0	0
	2014	5	5	0
	2015	5	5	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Total Outlets	2013	0	0	0
	2014	7	7	0
	2015	7	15	8

*Our Affiliate SN Franchisor Canada franchises in all provinces in Canada outside of Quebec and SN Franchisor Quebec franchises in Quebec.

Table No. 2

Transfers of Franchised Outlets (United States)
For Years 2013-2015

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All states	2013	0
	2014	0
	2015	0
Totals	2013	0
	2014	0
	2015	0

Table No. 2

Transfers of Canadian Franchised Outlets
For Years 2013-2015

Column 1 Province	Column 2 Year	Column 3 Number of Transfers
All Provinces	2013	0
	2014	0
	2015	0
Totals	2013	0
	2014	0
	2015	0

*Our Affiliates SN Franchisor Canada franchises in all provinces in Canada outside of Quebec and SN Franchisor Quebec franchises in Quebec.

Table No. 3

Status of Franchised Outlets (United States)
For Years 2013-2015

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Alaska	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Arizona	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
California	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Colorado	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Connecticut	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Florida	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Georgia	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Hawaii	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Idaho	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Illinois	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Indiana	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Iowa	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Kansas	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Kentucky	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Maryland	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Massachusetts	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Minnesota	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Missouri	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Mississippi	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Montana	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Nebraska	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Nevada	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
New Mexico	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
New Jersey	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
New York	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
North Carolina	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Ohio	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Oregon	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Pennsylvania	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
South Carolina	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
South Dakota	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Tennessee	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Texas	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Utah	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Virginia	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Washington	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Totals	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

Table No. 3
Canadian Status of Franchised Outlets
For Years 2013 -2015

Province	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Quebec	2013	0	0	0	0	0	0	0
	2014	0	2	0	0	0	0	2
	2015	2	8	0	0	0	0	10
Totals	2013	0	0	0	0	0	0	0
	2014	0	2	0	0	0	0	2
	2015	2	8	0	0	0	0	10

*Our Affiliates SN Franchisor Canada franchises in all provinces in Canada outside of Quebec and SN Franchisor Quebec franchises in Quebec.

Table No. 4
 Status of Company-Owned Outlets (United States)
 For Years 2013-2015

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
All States	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
Totals	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0

Table No. 4
 Status of Canadian Company-Owned Outlets
 For Years 2013 -2015

Province	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Quebec	2013	0	0	0	0	0	0
	2014	0	5	0	0	0	5
	2015	5	1	0	0	0	6
Total	2013	0	0	0	0	0	0
	2014	0	5	0	0	0	5
	2015	5	1	0	0	0	6

*Our Affiliates SN Franchisor Canada franchises in all provinces in Canada outside of Quebec and SN Franchisor Quebec franchises in Quebec.

Table No. 5

Projected Openings as of October 2016 for
the period October 2016 through September 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	0	7	1
Georgia	0	2	0
Massachusetts	0	2	0
Minnesota	0	2	0
New Hampshire	0	1	0
New York	0	2	0
Texas	0	2	0
Vermont	0	1	0
Virginia	0	1	0
Totals	0	24	1

A list of the names and addresses of persons operating under a Franchise Agreement as of the end of our last fiscal year (unless another date is stated on the list) are listed on **Exhibit E** to this Franchise Disclosure Document. The names and addresses of persons having signed a Franchise Agreement but have not opened a Spray-Net Franchise as listed in Table 5 are also listed on **Exhibit E**. The names and addresses of former franchisees who had a Spray-Net Franchise terminated, canceled, transferred, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our last fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document, are listed on **Exhibit F** to this Franchise Disclosure Document. In some instances, we may require current and former franchisees to sign provisions restricting their ability to speak openly about their experiences with us, however, during the last three fiscal years, we have not sold any franchises and do not have current or former franchisees that have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. If you buy a Spray-Net Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark specific franchisee organization. Our fiscal year end is December 31.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as **Exhibit G** is our opening balance sheet audit as of October 10, 2016. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

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

Exhibit:

- B. Franchise Agreement
 - Schedule A – Exclusive Territory
 - Schedule B - Trademarks
 - Schedule C – Statement of Ownership
 - Schedule D – Protected Right to Acquire Additional Territory
 - Schedule E - Non-Competition, Non-Solicitation And Confidentiality Agreement
 - Schedule F – Personal Guarantee
 - Schedule G - Conditional Assignment of Telephone And Directory Listings, Etc.
 - Schedule H- State Law Rider
 - Schedule I – EFT Authorization Agreement
 - Schedule J - Statement of Franchisee
- C. Non-Competition, Non-Solicitation And Confidentiality Agreement
- H. Statement of Franchisee
- I. State Specific Addenda
- J. Deposit Agreement
- K. Protected Right to Acquire Additional Territory Addendum
- L. Additional Territory Amendment to Franchise Agreement

ITEM 23 RECEIPTS

On the last two pages of this Franchise Disclosure Document, you will find two copies of the Receipt Page. You must sign, date and deliver one copy of the Receipt Page to us for our records.

EXHIBIT A

**SPRAY-NET INC.
LIST OF STATE AGENCIES /
AGENTS FOR SERVICE OF PROCESS**

**EXHIBIT A
SPRAY-NET INC.**

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

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Nebraska Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, New York 12231 Mrs. Lassoﬀ 212-416-8236 Mr. Grimes 212-416-8235
NORTH CAROLINA	Secretary of State’s Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State’s Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Securities Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

SPRAY-NET INC.

FORM OF FRANCHISE AGREEMENT

**SPRAY-NET, INC.
FRANCHISE AGREEMENT**



SPRAY·NET INC.

The Spray-Applied Painting Specialist.

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SPRAY-NET FRANCHISE AGREEMENT

BY AND BETWEEN:

SPRAY-NET INC., a Delaware corporation having its principal place of business at 1490 De Coulomb, Boucherville, Province of Quebec, Canada J4B 7M2,

(hereinafter the “**FRANCHISOR**”)

AND:

_____, a _____
[corporation/limited liability/partnership] having its principal place of business at

[if an individual use: _____ with an address of

(hereinafter the “**FRANCHISEE**”)

EFFECTIVE DATE:

_____, 20_____

RECITALS

FRANCHISOR has acquired experience in the area of residential spray painting, staining and coating for exterior covering of doors, windows and sidings;

FRANCHISOR has developed and owns or licenses uniform standards, methods, procedures and policies for the operation of a franchised business specializing in residential spray painting, staining and coating for exterior covering of doors, windows and sidings;

FRANCHISOR has the right to use, in relation to the business of residential spray painting, staining and coating for exterior covering of doors, windows and sidings, the MARKS, CONFIDENTIAL INFORMATION AND TRADE SECRETS (defined below);

FRANCHISEE hereby acknowledges that FRANCHISEE has received a copy of the FRANCHISOR’S Franchise Disclosure Document and that FRANCHISEE has read and understands this AGREEMENT, the Franchise Disclosure Document and all of their respective Schedules and attachments, upon which FRANCHISEE has exclusively relied and that FRANCHISEE has no knowledge of any representations by FRANCHISOR or its officers, directors, shareholders, employees or agents that are contrary to the statements made in this AGREEMENT, FRANCHISOR’S Franchise Disclosure Document or their respective attachments;

FRANCHISEE and/or its DESIGNATED PERSON is an experienced businessperson and has conducted its due diligence of the franchising opportunity and wishes to be granted the FRANCHISE (defined below);

FRANCHISOR, after having reviewed the qualifications of the FRANCHISEE, wishes to grant it the FRANCHISE; and

FRANCHISEE and the FRANCHISOR wish to enter into this AGREEMENT pursuant to which the FRANCHISEE will operate the FRANCHISED BUSINESS in the EXCLUSIVE TERRITORY in accordance with the terms of this AGREEMENT and the OPERATIONS MANUAL and the SPRAY-NET CONCEPT.

NOW THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1 **PREAMBLE**

The preamble and schedules to this AGREEMENT form an integral part hereof and collectively reflect the intentions of the parties.

2 **INTERPRETATION**

2.1. **Definition**

In this AGREEMENT, unless the context demands a different interpretation, the following words and expressions have the corresponding definitions set forth below:

2.1.1. “**ADDITIONAL TERRITORY**” means the additional territory identified in Error! Reference source not found. describing any additional territory that FRANCHISEE may operate the FRANCHISED BUSINESS in accordance with the Protected Right to Additional Territory Addendum set out in **Schedule “D”**;

2.1.2. “**ADDITIONAL TERRITORY PURCHASE TERM**” means a twelve (12) month period as described in the Protected Right to Acquire Additional Territory Addendum set out in **Schedule “D”**;

2.1.3. “**AGREEMENT**” means this agreement, together with the preamble and all Schedules, addendums, riders and attachments hereto, as the same may be amended, supplemented or restated from time to time in accordance with the provisions of this AGREEMENT;

2.1.4. “**ANTI-TERRORISM LAWS**” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other applicable present and future national, federal, state, provincial and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority of any nation (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

2.1.5. “**COMMERCIAL ACTIVITIES**” means spray painting, staining and coating for exterior covering of doors, windows and sidings of buildings, including installations and equipment physically attached or not to these buildings, reserved principally for commercial, industrial or institutional purposes as well as any other construction that is not encompassed as part of RESIDENTIAL ACTIVITIES;

2.1.6. “**CONSUMER PRICE INDEX**” means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All items, and Major Group Figures for all Urban Consumers (CPI U 1982 – 84 = 100);

2.1.7. “**DESIGNATED PERSON**” means the physical person designated by the FRANCHISEE to dedicate all of his or her energies and efforts, on a full-time basis, to the management and the operation of the FRANCHISED BUSINESS. The name of the DESIGNATED PERSON appears in **Schedule “C”**;

2.1.8. “**EFFECTIVE DATE**” means the date on the first page of this AGREEMENT;

2.1.9. “**EQUIPMENT**” means the mobile trailer, racking, paint guns and tools prescribed by the FRANCHISOR to be used by the FRANCHISEE in connection with the FRANCHISED BUSINESS and required in connection with the commencement of the operations of the FRANCHISED BUSINESS by the FRANCHISEE;

2.1.10. “**EXCLUSIVE TERRITORY**” means the exclusive territory set forth in **Schedule “A”** in which FRANCHISEE will operate the FRANCHISED BUSINESS;

2.1.11. “**FRANCHISE**” means the operation of a business to conduct RESIDENTIAL ACTIVITIES and sell SERVICES and PRODUCTS using, and operating in accordance with, the SPRAY-NET CONCEPT and MARKS;

2.1.12. “**FRANCHISEE**” means the person, corporation, limited liability company, partnership or other entity identified on page one of this AGREEMENT. FRANCHISEE’S owners, assignees and transferees, which in the context are applicable to an individual or individuals, will mean the owner or owners of an equity or voting interest of the FRANCHISEE;

2.1.13. “**FRANCHISED BUSINESS**” means the operation of a business by FRANCHISEE using the SPRAY-NET CONCEPT and MARKS to conduct the RESIDENTIAL ACTIVITIES only and sell the PRODUCTS and SERVICES prescribed by FRANCHISOR from time to time in the EXCLUSIVE TERRITORY pursuant to the terms of this AGREEMENT;

2.1.14. “**GROSS INCOME**” means the gross amount (without any deduction) of all sales and all other income, of any nature whatever, resulting from the operation of the FRANCHISED BUSINESS as well as all other amounts due and payable to the FRANCHISEE considered as “income”, no matter the method of payment (whether in cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange or in kind). The expression “GROSS INCOME” also includes the amount of any indemnity received by the FRANCHISEE by virtue of any insurance policy covering business interruption or loss of earnings, but excludes discounts approved by the FRANCHISOR, amounts paid to third parties pursuant to Section **Error! Reference source not found.** of this AGREEMENT and amounts collected for sales taxes (as long as these taxes are shown separately on customer invoices and are legitimately collected by the FRANCHISEE as representative for the competent governmental authority);

2.1.15. “**INDEMNIFIED PARTIES**” means FRANCHISOR, its subsidiaries and affiliates and their respective shareholders, directors, officers, employees, attorneys, agents, successors and assigns;

2.1.16. “**INVENTORY**” means the paints, painting masks, tape, sealant and other inventory prescribed by the FRANCHISOR, from time to time, to be used by the FRANCHISEE in connection with the FRANCHISED BUSINESS and required in connection with the commencement of the operations of the FRANCHISED BUSINESS by the FRANCHISEE;

2.1.17. “**INTERIM PERIOD**” means the month-to-month period that FRANCHISEE continues to operate the FRANCHISED BUSINESS beyond the INITIAL TERM or any subsequent SUCCESSOR TERMS;

2.1.18. “**INITIAL TERM**” means the ten (10) year period commencing on the EFFECTIVE DATE;

2.1.19. “**INITIAL MARKETING FEE**” means the fee payable to and allocated by the FRANCHISOR, in its sole discretion, for the advertisement and marketing campaign of the FRANCHISED BUSINESS in the EXCLUSIVE TERRITORY in connection with the first season of the FRANCHISED

BUSINESS. For greater certainty, the INITIAL MARKETING FEE does not relieve the FRANCHISEE from paying the NATIONAL MARKETING FUND CONTRIBUTION, REGIONAL ADVERTISING FUND CONTRIBUTION or FRANCHISEE ADVERTISING FEE pursuant to Section **Error! Reference source not found.** of this AGREEMENT;

2.1.20. “**MARKS**” means each and every trademark, trade name, service mark, and associated name, commercial symbol, logo and slogans, which may be modified, changed or acquired by FRANCHISOR and are licensed in connection with the operation of the FRANCHISED BUSINESS. The current MARKS are listed on **Schedule “B”**;

2.1.21. “**MINIMUM PERFORMANCE**” means the minimum annual sales quota that must be obtained by the FRANCHISEE per EXCLUSIVE TERRITORY as further described in Section 3.5;

2.1.22. “**NATIONAL MARKETING FUND**” means the account set up by FRANCHISOR as a marketing fund as more fully described in Section 16.1;

2.1.23. “**OPERATIONS MANUAL**” means, but is not limited to, collectively all directives, books, pamphlets, bulletins, memoranda, roll out guides, order forms, packing slips, invoices, letters, e-mail, Intranet data, manuals, electronic materials, written materials, audio, websites, training materials, other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of FRANCHISOR for use by franchisees generally or FRANCHISEE specifically, setting forth, instructions, procedures, policies, rules, methods, norms and operating standards relating to the operation of the to be observed by the FRANCHISEE in conjunction with the operation of the FRANCHISE and FRANCHISED BUSINESS, use of the MARKS and/or the SPRAY-NET CONCEPT to ensure the consistency of service and methodology and the integrity and reputation of the SPRAY-NET CONCEPT. This term also includes all amendments, changes, additions, modifications, corrections and updates made from time to time by the FRANCHISOR to the OPERATIONS MANUAL as well as any restated version of the OPERATIONS MANUAL;

2.1.24. “**PRODUCTS**” means all the products, goods and merchandise which the sale at retail is authorized by the FRANCHISOR in connection with the operation of the FRANCHISED BUSINESS as well as all modifications, additions and/or removals of these PRODUCTS which may be prescribed, from time to time, by the FRANCHISOR, in its sole and absolute discretion;

2.1.25. “**REGIONAL ADVERTISING FUND**” means the account set up by FRANCHISOR as a marketing fund as more fully described in Section 16.2;

2.1.26. “**RESIDENTIAL ACTIVITIES**” means spray paint, coating and staining for exterior covering of doors, windows and sidings of immovable structures which are primarily reserved for housing and which shall not exceed eight (8) floors;

2.1.27. “**SERVICES**” means the RESIDENTIAL ACTIVITIES and other services to be conducted by FRANCHISEE in its FRANCHISED BUSINESS, as well as all modifications, additions and/or removals of said SERVICES which may be prescribed, from time to time, by the FRANCHISOR, in its sole and absolute discretion;

2.1.28. “**SPRAY-NET CONCEPT**” means, individually and collectively, all the Confidential Information, TRADE SECRETS, Marks, copyrighted materials, OPERATIONS MANUAL, know-how, and procedures, methods, information, norms, criteria, directives, programs and all other related FRANCHISOR proprietary materials created and/or developed, conceived and/or formulated or to be, in the future, created, developed, conceived and/or formulated by or for the FRANCHISOR for the purposes of establishing, opening and operating a FRANCHISE;

2.1.29. “**STARTER KIT**” means the initial starter kit for use in the FRANCHISED BUSINESS and includes business cards, uniforms, marketing brochures and marketing flyers and such other items as may be determined by the FRANCHISOR from time to time, in each case in quantities and substance as determined by the FRANCHISOR in its sole discretion;

2.1.30. “**TERM**” means a period of time beginning on the EFFECTIVE DATE and ending upon the expiry of the INITIAL TERM or, if a renewal option is duly exercised by the FRANCHISEE pursuant to Section **Error! Reference source not found.** of this AGREEMENT, upon the expiry of the RENEWAL PERIOD; and

2.1.31. “**TRADE SECRETS**” means information, including systems, patterns, compilations, programs, methods, techniques or processes that both derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2.2. Number

In this AGREEMENT, words importing the singular number only shall include the plural and vice versa and words importing gender shall include all genders.

2.3. Currency

Unless otherwise indicated herein, all dollar amounts referred to in this AGREEMENT are expressed in the lawful currency of US dollars and shall not be interpreted to include any applicable state, local or federal taxes.

3 GRANTING OF A FRANCHISE AND EXCLUSIVE TERRITORY

3.1 Granting of a Franchise

Subject to the terms and conditions set forth herein, the FRANCHISOR grants to the FRANCHISEE, who accepts during the TERM, the right and non-exclusive license to use the SPRAY-NET CONCEPT and the MARKS for the sole purpose of operating the FRANCHISED BUSINESS in the EXCLUSIVE TERRITORY. FRANCHISEE is prohibited from operating the FRANCHISED BUSINESS outside the EXCLUSIVE TERRITORY, except as provided for in the Protected Right to Acquire Additional Territory Addendum, the Additional Territory Amendment to the Franchise Agreement or by express written consent of FRANCHISOR.

3.2 Prohibition to Sub-License

Notwithstanding any other provision in this AGREEMENT, it is agreed that the rights conferred to the FRANCHISEE by this AGREEMENT do not include the right for the FRANCHISEE to grant (i) any license, franchise, sub-license, sub-franchise, right to use, right to operate, or other similar rights to any person whatsoever in respect of the license granted pursuant to Section 3.1 of this AGREEMENT or (ii) the right to use, in whole or in part, any part of the SPRAY-NET CONCEPT and/or any MARKS, in each case to any person or entity.

3.3 Exclusive Territory

3.3.1 Franchisee’s Exclusive Territory is set out in **Schedule “A”**.

3.3.2 Subject to the terms and conditions contained in this AGREEMENT, including but not limited to Section 3.4, and provided FRANCHISEE is not in default of this AGREEMENT, FRANCHISOR will not use or grant to another person the right to use the MARKS for the purpose of operating a FRANCHISE in, or from any site situated within, the EXCLUSIVE TERRITORY during the INITIAL TERM and INTERIM PERIOD, if any.

3.3.3 FRANCHISEE acknowledges that the EXCLUSIVE TERRITORY may vary significantly in terms of size, number of residences, population and demographics from exclusive

territories of other franchisees due to density of population, business potential, business practice or any other conditions deemed important by FRANCHISOR and FRANCHISOR will have no obligation to grant FRANCHISEE like or similar variations.

3.4 Reservation of Rights

Notwithstanding any other provision herein, nothing in this AGREEMENT shall prevent the FRANCHISOR, any of its affiliates or any of their successors and assigns at any time from:

- 3.4.1 being involved in any capacity whatsoever and at any place whatsoever, including in the EXCLUSIVE TERRITORY, in COMMERCIAL ACTIVITIES;
- 3.4.2 to use, and license the use of, the SPRAY-NET CONCEPT or component(s) thereof, for the operation of a FRANCHISE at any place whatsoever outside the EXCLUSIVE TERRITORY, regardless of proximity to the EXCLUSIVE TERRITORY (subject to Section 3.6 below);
- 3.4.3 using the MARKS and SPRAY-NET CONCEPT to sell the PRODUCTS or SERVICES or any other products or services, similar to those which FRANCHISEE will sell, through any channels of distribution within or outside of the EXCLUSIVE TERRITORY. This includes, but is not limited to, home improvement stores, national or regional accounts, paint stores, and other channels of distribution. FRANCHISOR exclusively reserves the Internet as a channel of distribution and FRANCHISEE will not independently market on the Internet, conduct e-commerce or engage in social networking using the MARKS on the Internet without FRANCHISOR'S advanced written approval;
- 3.4.4 using and licensing the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the MARKS, whether in alternative channels of distribution, at any location, including within the EXCLUSIVE TERRITORY, which may be the same as, similar to or different from the FRANCHISED BUSINESS operated by FRANCHISEE;
- 3.4.5 purchasing or being purchased by, or merging or combining with, any business, including a business that competes directly with the FRANCHISED BUSINESS;
- 3.4.6 implementing multi-area marketing programs which may allow FRANCHISOR or others (including designated third-party distributors) to solicit or sell, to customers anywhere. FRANCHISOR reserves the right to issue mandatory policies to coordinate such multi-area marketing programs; and
- 3.4.7 being involved in any other activity at any place whatsoever provided that it complies with its obligations under this AGREEMENT.

3.5 Minimum Performance

- 3.5.1 It is an essential consideration of the FRANCHISOR in granting the FRANCHISE to the FRANCHISEE under this AGREEMENT that the FRANCHISEE attain the MINIMUM PERFORMANCE per EXCLUSIVE TERRITORY described in this Section 3.5. Failure to meet the MINIMUM PERFORMANCE for any EXCLUSIVE TERRITORY is a material default of the AGREEMENT.
- 3.5.2 For FRANCHISED BUSINESSES that operate seasonally, the MINIMUM PERFORMANCE per EXCLUSIVE TERRITORY is: (i) during the first (1st) year of the TERM, a minimum annual amount of GROSS INCOME of two hundred thousand dollars

(\$200,000); and (ii) during the second (2nd) year of the TERM and continuing annually thereafter, a minimum annual amount of GROSS INCOME of three hundred thousand dollars (\$300,000).

- 3.5.3 For FRANCHISED BUSINESSES that do not operate seasonally, the MINIMUM PERFORMANCE per EXCLUSIVE TERRITORY is: (i) during the first (1st) year of the TERM, a minimum annual amount of GROSS INCOME of two hundred seventy five thousand dollars (\$275,000); and (ii) during the second (2nd) year of the TERM and continuing annually thereafter, a minimum amount of GROSS INCOME of three hundred seventy five thousand dollars (\$375,000).
- 3.5.4 The seasonal or non-seasonal designation for FRANCHISEE'S FRANCHISED BUSINESS is set out in Schedule "A" and is determined by FRANCHISOR in its sole determination.
- 3.6 Protected Right to Acquire Additional Territory; the Protected Right to Acquire Additional Territory Addendum; the Additional Territory Amendment
- 3.6.1 If FRANCHISEE meets certain FRANCHISOR qualifications, in FRANCHISOR'S sole determination, the FRANCHISOR may grant to FRANCHISEE a one-time right to purchase the right and non-exclusive license to use the SPRAY-NET CONCEPT and MARKS to operate the FRANCHISED BUSINESS in the ADDITIONAL TERRITORY.
- 3.6.2 The right to operate the FRANCHISED BUSINESS in the ADDITIONAL TERRITORY will only be offered to FRANCHISEE in accordance with a mutually executed Protected Right to Acquire Additional Territory Addendum in the form attached hereto as Schedule "D".
- 3.6.3 Subject to the terms and conditions contained in the Protected Right to Acquire Additional Territory Addendum and this AGREEMENT, including but not limited to Section 3.4 and the payment requirements set out in Section 7.1.4, and provided FRANCHISEE is not in default of this AGREEMENT or the Protected Right to Acquire Additional Territory Addendum, FRANCHISOR will not grant any third party the right or license to use the SPRAY-NET CONCEPT to operate a FRANCHISE in the ADDITIONAL TERRITORY during the ADDITIONAL TERRITORY PURCHASE TERM.
- 3.6.4 If all the conditions in the Protected Right to Acquire Additional Territory Addendum are met, on the expiration of the ADDITIONAL TERRITORY PURCHASE TERM, the FRANCHISEE may exercise the right to purchase the Additional Territory. If FRANCHISEE does exercise such right, FRANCHISEE will sign the then current additional territory amendment to franchise agreement ("**ADDITIONAL TERRITORY AMENDMENT**") and pay FRANCHISOR the fees described therein.

4 TERM AND RENEWAL

4.1 Initial Term

This AGREEMENT shall continue in full force and effect for the duration of ten (10) years (the "**INITIAL TERM**") from the EFFECTIVE DATE subject to any earlier termination in accordance with this AGREEMENT.

4.2 Interim Period

If FRANCHISEE does not sign the then current SUCCESSOR FRANCHISE AGREEMENT prior to the expiration of the INITIAL TERM as set out in Section 4.3, and FRANCHISEE continue to accept the benefits of this AGREEMENT after it expires, then at FRANCHISOR'S option, this AGREEMENT may be treated either as (1) expired as of the date of expiration with FRANCHISEE then operating without a license to do so and in violation of FRANCHISOR'S rights; or (2) continued for the INTERIM PERIOD until one party provides the other with written notice of such party's intent to terminate the INTERIM PERIOD, in which case the INTERIM PERIOD will terminate thirty (30) days after receipt of the notice. In the latter case, all of FRANCHISEE and FRANCHISOR'S obligations shall remain in full force and effect during the INTERIM PERIOD as if this AGREEMENT had not expired, and all obligations and restrictions imposed on FRANCHISEE upon expiration of this AGREEMENT shall be deemed to take effect upon termination of the INTERIM PERIOD.

4.3 Renewal

Subject to the terms and conditions contained in the present AGREEMENT, the FRANCHISOR shall grant to the FRANCHISEE the right to extend its rights to operate the FRANCHISED BUSINESS ("**RENEWAL**") for one successive ten (10) year period commencing on the expiration of the INITIAL TERM ("**SUCCESSOR TERM**"). FRANCHISOR may refuse, in FRANCHISOR'S sole discretion, to extend FRANCHISEE'S rights to operate the FRANCHISED BUSINESS if FRANCHISEE fails to satisfy all of the following conditions:

- 4.3.1 FRANCHISEE has given to the FRANCHISOR written notice of its intent to renew the right to operate the FRANCHISED BUSINESS at least twelve (12) months prior to the expiration of the INITIAL TERM;
- 4.3.2 at the time of exercising the RENEWAL and at the expiration date of the INITIAL TERM, the FRANCHISEE will not be in default of any of its obligations under this AGREEMENT past all applicable cure periods;
- 4.3.3 that at all times during the INITIAL TERM, the FRANCHISEE has substantially and in a timely manner complied with all material obligations under this AGREEMENT and the OPERATIONS MANUAL;
- 4.3.4 that the FRANCHISEE has not committed two or more defaults of this AGREEMENT in the preceding twenty-four (24) months prior to expiration, regardless of whether or not such defaults were cured in a timely manner;
- 4.3.5 that the FRANCHISEE has not failed to be current in payment obligations to FRANCHISOR or its subsidiaries and affiliates and to vendors at the time FRANCHISEE delivers its notice of its intent to extend its rights to operate the FRANCHISED BUSINESS or on the date the INITIAL TERM of this AGREEMENT expires;
- 4.3.6 that the FRANCHISEE has signed the SUCCESSOR FRANCHISE AGREEMENT described in Section 4.4;
- 4.3.7 that the FRANCHISEE has paid the SUCCESSOR FRANCHISE FEE described in Section 4.5; and
- 4.3.8 that the FRANCHISEE has signed the RELEASE described in Section 4.6.

4.4 Successor Franchise Agreement.

- 4.4.1 FRANCHISEE must execute a new franchise agreement and all other agreements required by FRANCHISOR in FRANCHISOR'S then-current form (“**SUCCESSOR FRANCHISE AGREEMENT**”) no later than three (3) months prior to the expiration of the INITIAL TERM.
- 4.4.2 The SUCCESSOR FRANCHISE AGREEMENT may vary in material aspects from this AGREEMENT, including, but not limited to higher ROYALTIES, NATIONAL MARKETING FUND CONTRIBUTIONS, REGIONAL ADVERTISING FUND CONTRIBUTIONS and FRANCHISEE ADVERTISING FEES.
- 4.4.3 FRANCHISEE must make capital expenditures that are reasonably required for the modernization of the vehicle signage, trailer and any other required equipment to reflect the then-current image and SERVICES and PRODUCTS.
- 4.4.4 IN FRANCHISOR'S SOLE DETERMINATION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND FRANCHISEE'S RIGHTS TO OPERATE THE FRANCHISED BUSINESS (AND FRANCHISEE'S RENEWAL RIGHT WILL TERMINATE) IF FRANCHISEE FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE THEN CURRENT SUCCESSOR FRANCHISE AGREEMENT AND ANY OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN THE TIME PERIOD PRESCRIBED BY FRANCHISOR OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 4.

4.5 Successor Franchise Fee.

Upon signing the SUCCESSOR FRANCHISE AGREEMENT, the FRANCHISEE will have to pay all of the FRANCHISOR'S out of pocket costs in connection with the exercise of such RENEWAL up to a maximum amount of thirty percent (30%) of the initial franchise fee, then in effect, required to be paid by the FRANCHISOR'S new and/or most recent franchisees of the SPRAY-NET CONCEPT (“**SUCCESSOR FRANCHISE FEE**”) for each EXCLUSIVE TERRITORY and any ADDITIONAL TERRITORY that FRANCHISEE will operate the FRANCHISED BUSINESS.

4.6 Release.

As a condition of RENEWAL and prior to signing the SUCCESSOR FRANCHISE AGREEMENT, the FRANCHISEE, DESIGNATED PERSON, FRANCHISEE owners, shareholders, members and guarantor(s) of the FRANCHISEE pursuant to this AGREEMENT must sign and remit to the FRANCHISOR, a general, complete and final release of any and all claims against the FRANCHISOR, its subsidiaries and Affiliates which they or any one of them may have pursuant to this AGREEMENT, in the form then prescribed by the FRANCHISOR.

4.7 Failure to Comply with Article 4; Termination of AGREEMENT

Notwithstanding the exercise of the RENEWAL set forth in this Article 4, if the FRANCHISEE fails to comply with any of the conditions stipulated in this Article 4 within the applicable prescribed time period or if this AGREEMENT is terminated for any reason whatsoever prior to the expiration of the INITIAL TERM in accordance with this AGREEMENT, then the RENEWAL set forth in Section **Error! Reference source not found.** will automatically become null and void, and if any notice to exercise the RENEWAL by the FRANCHISEE has been given in accordance with Section **Error! Reference source not found.** then such notice shall automatically and without notice be deemed to have been withdrawn and cancelled, and in each case the FRANCHISEE will have no right to renew or extend the INITIAL TERM.

5 TRAINING

5.1 Initial Training Program; Sales Training and Production Training.

FRANCHISOR or its designee will provide the following training programs at the times and locations prescribed by the FRANCHISOR:

- 5.1.1 Prior to the start of the FRANCHISED BUSINESS, an initial training program (“**INITIAL TRAINING PROGRAM**”) for up to ten (10) business days;
- 5.1.2 After FRANCHISEE and its DESIGNATED PERSON successfully completes the INITIAL TRAINING PROGRAM, a sales training (“**SALES TRAINING**”) for up to five (5) business days; and
- 5.1.3 After FRANCHISEE and its DESIGNATED PERSON successfully completes the INITIAL TRAINING PROGRAM and SALES TRAINING and a certain number of contracts for SERVICES, as determined by FRANCHISOR, is secured by FRANCHISEE, a production training (“**PRODUCTION TRAINING**”) for up to five (5) business days.

FRANCHISOR may change or eliminate the INITIAL TRAINING PROGRAM, SALES TRAINING and/or PRODUCTION TRAINING at any time.

5.2 Number of Attendees; Confidentiality

- 5.2.1 In addition to FRANCHISEE and the DESIGNATED PERSON, FRANCHISEE may, upon FRANCHISOR’S approval and space availability, elect to have additional people attend the INITIAL TRAINING PROGRAM. IF FRANCHISEE elects to have additional attendees, FRANCHISEE will pay FRANCHISOR its then-current additional fee for additional attendees in accordance with the terms of FRANCHISOR’S invoice.
- 5.2.2 All of FRANCHISEE’S attendees who participate in the INITIAL TRAINING PROGRAM, SALES TRAINING and/or PRODUCTION TRAINING will be required, prior to the commencement of such training, to agree to be bound by a Non-Competition, Non-Solicitation and Confidentiality Agreement in the form attached hereto as **Schedule “E”**.

5.3 Costs to Attend Training

The FRANCHISEE shall alone assume all transportation costs, salaries, accommodations, meals and other costs and expenses incurred by the FRANCHISEE, DESIGNATED PERSON and any additional attendees of the FRANCHISEE to attend the INITIAL TRAINING PROGRAM, SALES TRAINING and/or PRODUCTION TRAINING.

5.4 Additional Training

- 5.4.1 At any time during the INITIAL TERM, the FRANCHISOR may require that the FRANCHISEE, DESIGNATED PERSON and/or any other key employee of the FRANCHISEE follow and successfully complete a course or other training program prescribed by the FRANCHISOR. The FRANCHISEE agrees to ensure that the DESIGNATED PERSON and/or any such key employee follow and complete the course or other training program as prescribed by the FRANCHISOR, at the cost of the FRANCHISEE.
- 5.4.2 The FRANCHISEE shall alone assume all fees as well as all the transportation costs, salaries, accommodations, meals and other costs and expenses incurred by the key

employees of the FRANCHISEE and the DESIGNATED PERSON to follow such course or training program.

5.5 Periodic Meetings

The FRANCHISOR may require that the FRANCHISEE, from time to time, attend meetings, conferences, training sessions and/or conventions, whether or not organized by or on behalf of the FRANCHISOR (“**PERIODIC MEETINGS**”). The FRANCHISEE agrees to ensure the participation and attendance of the DESIGNATED PERSON and/or any other key employee designated for such purpose by the FRANCHISOR at all the PERIODIC MEETINGS. The FRANCHISEE shall be solely responsible for the costs and expenses related to such events, including those of its key employees, which are required to attend. The FRANCHISOR may, but is not required to, assume the expenses of holding PERIODIC MEETINGS (renting space, material, etc.).

5.6 Replacement DESIGNATED PERSON

In the event FRANCHISEE replaces the DESIGNATED PERSON that previously attended and satisfactorily completed the INITIAL TRAINING PROGRAM, SALES TRAINING and PRODUCTION TRAINING described in Section 5.1, the replacement DESIGNATED PERSON must attend and satisfactorily complete the INITIAL TRAINING PROGRAM, SALES TRAINING and PRODUCTION TRAINING within thirty (30) days of becoming the DESIGNATED PERSON or such other period agreed to by FRANCHISOR. FRANCHISOR may, in its sole determination, require FRANCHISEE to pay a training fee for the replacement DESIGNATED PERSON, which will be payable by FRANCHISEE in accordance with FRANCHISOR’S invoice.

6 SERVICES PROVIDED BY FRANCHISOR

The FRANCHISOR will provide certain initial and continuing services that it deems necessary or advisable in furthering the FRANCHISED BUSINESS. FRANCHISOR’S failure to provide any particular service, either initial or continuing, shall not excuse FRANCHISEE from any of FRANCHISEE’S obligations under this AGREEMENT. FRANCHISOR, its Affiliates, subsidiaries or designee may perform the initial and continuous services.

6.1 Initial Services

- 6.1.1 Designate the EXCLUSIVE TERRITORY and the seasonality of the EXCLUSIVE TERRITORY, as set out in **Schedule “A”**;
- 6.1.2 Lend the FRANCHISEE, during the INITIAL TERM and any SUCCESSOR RENEWAL TERM only, one copy of the OPERATIONS MANUAL (in paper or electronic format, at the FRANCHISOR’S discretion) and revise, from time to time, the contents of the OPERATIONS MANUAL as it deems necessary to incorporate new developments relating to the SPRAY-NET CONCEPT, FRANCHISED BUSINESS, methods, norms, standards, specifications, procedures and techniques;
- 6.1.3 Provide FRANCHISEE with the STARTER KIT, which currently includes an initial set of business supplies, such as marketing brochures, letterhead, uniforms and business cards. FRANCHISEE will pay FRANCHISOR the STARTER KIT FEE. FRANCHISOR reserves the right to change the contents of the STARTER KIT at any time. If FRANCHISEE needs additional supplies or materials beyond those included in the STARTER KIT, FRANCHISEE must pay FRANCHISOR for those additional items per FRANCHISOR’S invoice;

- 6.1.4 Provide FRANCHISEE with the EQUIPMENT, which currently includes the trailer, trailer clips and initial set of equipment for one trailer. FRANCHISEE will pay FRANCHISOR the EQUIPMENT FEE. If FRANCHISEE needs additional supplies or materials included in the EQUIPMENT, FRANCHISEE must pay FRANCHISOR for those additional items per FRANCHISOR'S invoice. FRANCHISOR reserves the right to change the contents of the EQUIPMENT at any time;
 - 6.1.5 Make available to the FRANCHISEE, during regular business hours via the telephone, e-mail or other means determined by FRANCHISOR, advice that might be required in the opinion of the FRANCHISOR, for purposes of pre-opening, opening or initial operation of the FRANCHISED BUSINESS, including, without limitation, providing procedures and methodologies in connection with the establishment of the FRANCHISED BUSINESS, guidelines and specifications for opening INVENTORY and supplies, information on approved and required suppliers and recommendations and advice on pre-opening and grand opening marketing and advertising for the FRANCHISED BUSINESS; and
 - 6.1.6 Provide the INITIAL TRAINING PROGRAM as further described in Section 5.1.1.
 - 6.1.7 Provide the FRANCHISEE with initial marketing. FRANCHISEE will pay FRANCHISOR the INITIAL MARKETING FEE.
- 6.2 Continuous Services
- 6.2.1 Provide the FRANCHISEE, during regular business hours via telephone, email or other means as FRANCHISOR determines from time to time, when reasonably required by the FRANCHISEE, advice in the areas of financial management, territorial development and operational efficiency, quality control and operation of the FRANCHISED BUSINESS;
 - 6.2.2 Develop new services, products, offerings and improvements to the SERVICES from time to time in FRANCHISOR'S sole determination and provide the FRANCHISEE with information regarding new improvements to the SERVICES, PRODUCTS, new services and products, if any, from time to time, as determined by FRANCHISOR.
 - 6.2.3 Provide FRANCHISEE with continuing, national, regional or local workshops, seminars and training in FRANCHISOR'S sole determination as set out in Sections 5.4 and 5.5. FRANCHISEE will pay FRANCHISOR for any additional training fee per FRANCHISOR'S invoice;
 - 6.2.4 FRANCHISOR may, but is not required to, provide call center services and/or other referral services, which may include receiving, qualifying and referring work pertaining to calls generated from potential customers residing within the EXCLUSIVE TERRITORY. FRANCHISEE will pay any fees charged by FRANCHISOR or third parties for such call center services or other referral services;
 - 6.2.5 The FRANCHISOR may, from time to time during the INITIAL TERM, offer to all or a limited number of its franchisees one or more additional services. The FRANCHISOR, its Affiliates, designated third parties or Suppliers may perform such additional services. FRANCHISEE agrees to pay for fees and/or expenses for any such additional services in accordance with the invoice for such services. The FRANCHISEE agrees to adhere to these additional services prescribed from time to time by the FRANCHISOR.

- 6.2.6 The FRANCHISOR or its AFFILIATE will administer and manage the REGIONAL ADVERTISING FUND and the NATIONAL MARKETING FUND in accordance with Article 16.

6.3 Marketing Services

FRANCHISOR or its AFFILIATE will provide FRANCHISEE with its then current marketing support as set out in the OPERATIONS MANUAL for the required initial marketing, first year marketing, second year marketing and FRANCHISEE'S required ongoing local marketing for the FRANCHISED BUSINESS. FRANCHISEE will pay FRANCHISOR the INITIAL MARKETING FEE, FIRST YEAR MARKETING FEE, SECOND YEAR MARKETING FEE and FRANCHISEE ADVERTISING FEE in accordance with Article 7 for such marketing support.

6.4 Performance of Services

- 6.4.1 If FRANCHISEE believes FRANCHISOR has failed to adequately provide pre-opening and opening services to FRANCHISEE as provided for in this AGREEMENT, including Sections 6.1 and 6.2, FRANCHISEE shall notify FRANCHISOR in writing within thirty (30) days following the completion of such services provided. Absent the timely provision of such notice to FRANCHISOR, FRANCHISEE shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by FRANCHISOR were sufficient and satisfactory in FRANCHISEE'S judgment.
- 6.4.2 FRANCHISOR is not obligated to perform services set forth in this AGREEMENT to FRANCHISEE'S particular level of satisfaction, but as a function of FRANCHISOR'S experience, knowledge and Business Judgment. FRANCHISOR does not represent or warrant that any other services will be provided to FRANCHISEE, other than as set forth in this AGREEMENT. To the extent any other services, or any specific level or quality of service is expected, FRANCHISEE must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of FRANCHISOR, otherwise FRANCHISOR shall not be obligated to provide any other services or specific level or quality of services.

7 PAYMENTS TO FRANCHISOR, ITS AFFILIATES, SUBSIDIARIES AND THIRD PARTIES

7.1 Payments Due at Time of Signing Franchise Agreement.

FRANCHISEE must pay the following amounts to FRANCHISOR at the time FRANCHISEE signs this AGREEMENT:

- 7.1.1 An initial franchise fee in the amount of \$50,000 ("**INITIAL FRANCHISE FEE**");
- 7.1.2 An initial training fee in the amount of \$20,000 ("**INITIAL TRAINING FEE**"). The deposit, if any, paid to FRANCHISOR by FRANCHISEE in accordance with a Deposit Agreement will be applied to the INITIAL TRAINING FEE;
- 7.1.3 An initial marketing fee in the amount of \$65,000 ("**INITIAL MARKETING FEE**"); and
- 7.1.4 If FRANCHISEE is granted the right to purchase the Additional Territory in accordance with the Protected Right to Acquire Additional Territory Addendum, the additional territory marketing fee in the amount of \$37,500 ("**ADDITIONAL TERRITORY MARKETING FEE**").

Franchisee acknowledges that it may have to incur costs in addition to the fees set out in Section 7.1 in connection with the commencement of the operations of the FRANCHISED BUSINESS in the

EXCLUSIVE TERRITORY (including, without limitation, travel and living expenses to attend the INITIAL TRAINING PROGRAM, administrative costs, costs pertaining to the vehicle required as part of the FRANCHISED BUSINESS, costs pertaining to financial or legal services which may be required by the FRANCHISEE, etc.).

The FRANCHISEE acknowledges that the fees described in this Section 7.1 and any portion thereof paid to the FRANCHISOR have been completely earned by the FRANCHISOR and will not be refundable, notwithstanding any termination, in whole or in part, at any time or for any reason whatsoever.

7.2 Payments Due After Signing the Franchise Agreement

In addition to other fees and charges as may be described elsewhere in this AGREEMENT, FRANCHISEE will pay the following fees and charges to FRANCHISOR, its Affiliates or third parties, as designated by FRANCHISOR. The fees and charges are not refundable under any circumstances.

- 7.2.1 Before commencing operations of the FRANCHISED BUSINESS, FRANCHISEE will pay FRANCHISOR the starter kit fee for the STARTER KIT (“**STARTER KIT FEE**”) in accordance with the invoice provided by FRANCHISOR. Generally, payment of the STARTER KIT FEE is due at least six (6) weeks prior to delivery of the STARTER KIT.
- 7.2.2 Before commencing operations of the FRANCHISED BUSINESS, FRANCHISEE will pay FRANCHISOR the equipment fee for the EQUIPMENT (“**EQUIPMENT FEE**”) in accordance with the invoice provided by FRANCHISOR. Generally, payment of the EQUIPMENT FEE is due at least six (6) weeks prior to delivery of the EQUIPMENT.
- 7.2.3 The FRANCHISEE agrees to pay the FRANCHISOR, throughout the INITIAL TERM and any INTERIM PERIOD, an amount equal to seven percent (7%) of its GROSS INCOME (“**ROYALTY**”) in consideration for the granting and use of the non-exclusive license to use the SPRAY-NET CONCEPT and the MARKS and further in consideration of those services which the FRANCHISOR has undertaken to render to the FRANCHISEE under this AGREEMENT.
 - 7.2.3.1 The ROYALTY is paid by FRANCHISEE weekly, on or before the second day of each week, (or such other frequency as determined by the FRANCHISOR) as calculated on FRANCHISEE’S GROSS INCOME for the preceding week.
 - 7.2.3.2 Each ROYALTY payment shall be, without exception, accompanied by a statement of the previous week’s GROSS INCOME on a form approved and provided to FRANCHISEE by FRANCHISOR. Each failure to include a fully completed statement of the previous week’s GROSS INCOME with the ROYALTY payable to FRANCHISOR when due shall constitute a material breach of this AGREEMENT.
- 7.2.4 As a contribution to the NATIONAL MARKETING FUND, the FRANCHISEE agrees and covenants to pay the FRANCHISOR, throughout the balance of the INITIAL TERM and an INTERIM PERIOD, an amount equal to two percent (2%) of FRANCHISEE’S GROSS INCOME (“**NATIONAL MARKETING FUND CONTRIBUTION**”). So long as FRANCHISEE makes the NATIONAL MARKETING FUND CONTRIBUTIONS each year from the EFFECTIVE DATE through the end of the ninth year of the TERM, FRANCHISEE will not be required to make any NATIONAL MARKETING FUND CONTRIBUTIONS during the tenth year of the TERM. The NATIONAL MARKETING FUND CONTRIBUTION is due and payable weekly.

- 7.2.5 As a contribution to the REGIONAL ADVERTISING FUND, the FRANCHISEE agrees and covenants to pay the FRANCHISOR, throughout the balance of the INITIAL TERM and any INTERIM PERIOD an amount equal to three percent (3%) of the GROSS INCOME (“**REGIONAL ADVERTISING FUND CONTRIBUTION**”). So long as FRANCHISEE makes the REGIONAL ADVERTISING FUND CONTRIBUTIONS each year from the EFFECTIVE DATE through the end of the ninth year of the TERM, FRANCHISEE will not be required to make any REGIONAL ADVERTISING FUND CONTRIBUTIONS during the tenth year of the TERM. This REGIONAL ADVERTISING FUND CONTRIBUTION is due and payable weekly.
- 7.2.6 FRANCHISEE agrees and covenants to pay the FRANCHISOR, throughout the balance of the INITIAL TERM and any INTERIM PERIOD an amount equal to six percent (6%) of the FRANCHISEE’S GROSS INCOME (“**FRANCHISEE ADVERTISING FEE**”). So long as FRANCHISEE pays the FRANCHISEE ADVERTISING FEE each year from the EFFECTIVE DATE through the end of the ninth year of the TERM, FRANCHISEE will not be required to make any FRANCHISEE ADVERTISING FEE payments during the tenth year of the TERM. The FRANCHISEE ADVERTISING FEE is due and payable weekly.
- 7.2.7 The year two marketing fee in the amount of \$20,000 for the EXCLUSIVE TERRITORY and an additional \$30,000 for the ADDITIONAL TERRITORY, if any (“**YEAR TWO MARKETING FEE**”). FRANCHISEE will pay FRANCHISOR the YEAR TWO MARKETING FEE on the date that is twelve (12) months from the EFFECTIVE DATE.
- 7.2.8 The year three marketing fee is \$15,000 for the EXCLUSIVE TERRITORY and an additional \$15,000 for the ADDITIONAL TERRITORY, if any (“**YEAR THREE MARKETING FEE**”). FRANCHISEE will pay FRANCHISOR the YEAR THREE MARKETING FEE on the date that is twenty-four (24) months from the EFFECTIVE DATE.
- 7.2.9 The transfer fee is \$7,500 for the EXCLUSIVE TERRITORY, \$7,500 for the ADDITIONAL TERRITORY, if any, and \$7,500 for the TRANSFEREE to attend the INITIAL TRAINING PROGRAM (“**TRANSFER FEE**”).
- 7.2.10 All amounts due by the FRANCHISEE to the FRANCHISOR shall bear interest, annually, at the rate of twelve percent (12%) per annum or the highest rate of interest allowed by law, whichever is less (“**INTEREST**”), as of any breach or due date until the full payment of said amount, subject to the other rights and recourses of the FRANCHISOR. FRANCHISOR may also assess the then current late fee (“**LATE FEE**”) for late or non-submittal of required reports, dishonored checks or ACH drafts and/or late payments by FRANCHISEE.
- 7.2.11 If the FRANCHISEE’S copy of the Operations Manual is lost, stolen or destroyed, the FRANCHISEE will be required to pay the replacement cost of \$500. Payment will be made in accordance with the terms of FRANCHISOR’S invoice.
- 7.2.12 FRANCHISEE will pay the then current fee for the technology package (“**TECHNOLOGY PACKAGE FEE**”). The TECHNOLOGY PACKAGE FEE will be due the first business day of each month or such other period as specified by FRANCHISOR. FRANCHISOR reserves the right to change the TECHNOLOGY PACKAGE FEE at anytime upon prior notice to FRANCHISEE.

- 7.2.13 In the event that any amount payable by the FRANCHISEE to the FRANCHISOR is subject to any tax on goods and services, any sales tax and/or any other tax of any nature whatsoever, the FRANCHISEE undertakes to pay such taxes at the rate in effect under the provisions of any applicable law or regulation, and in the manner and according to the due date required under those laws and regulations.
- 7.2.14 The FRANCHISEE shall pay the FRANCHISOR an amount of \$100 for any check returned to the FRANCHISOR for insufficient funds, without prejudice to the other rights and recourses of the FRANCHISOR under the circumstances. The FRANCHISEE shall also be responsible for all costs and expenses incurred by the FRANCHISOR with respect to a returned check.
- 7.2.15 If FRANCHISEE requests FRANCHISOR to review, inspect or test any product and/or suppliers, FRANCHISEE will pay the supplier and production evaluation fee in the amount of \$750 in accordance with the terms of FRANCHISOR'S invoice.
- 7.2.16 FRANCHISEE will pay all credit card processing fees allocated to its FRANCHISED BUSINESS on a monthly basis, or such other frequency designated by the FRANCHISOR, in accordance with the terms of FRANCHISOR'S invoice.

7.3 Shipping Costs

FRANCHISEE agrees to pay all shipping costs according to the terms of the invoices from FRANCHISOR, its Affiliates and third parties.

7.4 Payment Terms

FRANCHISOR reserves the right to require FRANCHISEE to remit fees and other amounts due to FRANCHISOR hereunder via electronic funds transfer (“EFT”) or other similar means utilizing a FRANCHISOR approved computer system or otherwise. The EFT Authorization is attached to the AGREEMENT as **Schedule “I”**. If FRANCHISOR notifies FRANCHISEE to use such payment method, FRANCHISEE agrees to comply with procedures specified by FRANCHISOR and/or perform such acts and deliver and execute such documents, including authorization for direct debits from FRANCHISEE'S business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure, FRANCHISEE shall authorize FRANCHISOR to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to FRANCHISOR and any interest and late fees charged, due thereon. 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 the GROSS INCOME to FRANCHISOR for any reporting period, then FRANCHISOR shall be authorized, at FRANCHISOR'S option, to debit FRANCHISEE'S account in an amount equal to (a) the fees transferred from FRANCHISEE'S account for the last reporting period for which a report of the GROSS INCOME was provided to FRANCHISOR as required hereunder; or (b) the amount due based on information retrieved from FRANCHISOR approved computer system.

7.5 Application of Payments

FRANCHISOR shall have sole discretion to apply any payments received from FRANCHISEE or any indebtedness of FRANCHISOR to FRANCHISEE, to any past due indebtedness of FRANCHISEE, to FRANCHISOR or its Affiliates of whatever nature and without regard to when such indebtedness arose and/or to interest.

7.6 Increase of Fees, Products and Services

FRANCHISOR has the right to increase any fees due from FRANCHISEE and charges for any products, materials and services provided to FRANCHISEE (whether referred to in this Article 7 or elsewhere in this AGREEMENT or as otherwise agreed to), based on FRANCHISOR'S Business Judgment, from time to time. Except as provided for in Section 9.4, FRANCHISOR will notify FRANCHISEE of such increases at least 30 days before the fee increases go into effect.

7.7 Subordinate

FRANCHISEE shall not subordinate to any other obligation its obligation to pay the ROYALTY or any other fee or charge due FRANCHISOR or any Affiliate under this AGREEMENT.

8 REPORTS AND ACCOUNTING SYSTEM

8.1 Reports and Accounting

The FRANCHISEE undertakes and agrees to:

- 8.1.1 maintain complete, accurate and updated books and records of accounts according to generally accepted accounting principles in the form and manner prescribed, from time to time, by the FRANCHISOR;
- 8.1.2 purchase, rent and use such management, accounting, invoicing and computer system and such communication of information system (including the extranet system) prescribed or approved, from time to time, by the FRANCHISOR, the whole as specified by the FRANCHISOR;
- 8.1.3 provide to FRANCHISOR, each week, a confirmation of its GROSS INCOME and income statement of the FRANCHISEE, for the preceding week (or provide same as otherwise required in connection with the use instructions pertaining to the extranet system prescribed by the FRANCHISOR);
- 8.1.4 remit to FRANCHISOR, on the 10th business day of the calendar month, a report of the contracts performed during the preceding month (or remit such other reports at such other times as otherwise required in connection with the use instructions pertaining to the extranet system prescribed by the FRANCHISOR);
- 8.1.5 remit to FRANCHISOR, as soon as possible after the end of each fiscal year of the FRANCHISEE, and in any event, not later than the expiration of sixty (60) days following the end of each fiscal year of the FRANCHISEE, the complete financial statements (to contain a balance sheet, income statement and statement of cash flows) of the FRANCHISEE for the fiscal year just ended;
- 8.1.6 remit to FRANCHISOR, at the same time as its financial statements referred to in Section 8.1.5 above, a certificate in a form provided by the FRANCHISOR, signed by an authorized representative of the FRANCHISEE certifying the accuracy of the GROSS INCOME for the last financial year;
- 8.1.7 submit to the FRANCHISOR such other information at such times as may be reasonably required by FRANCHISOR to ensure compliance with this AGREEMENT or which the FRANCHISOR may require in connection with compiling data pertaining to the FRANCHISED BUSINESS;

- 8.1.8 keep in its possession, for a minimum period of five (5) years, all accounting and financial books and records of the FRANCHISED BUSINESS and all supporting documents pertaining thereto.

8.2 Financial Year End

The FRANCHISEE undertakes to establish and maintain the fiscal year-end date as December 31 and to amend such year-end date in accordance with any instructions received from the FRANCHISOR, who reserves the right from time to time to request the modification thereof provided any such modification applies all the franchisees of the SPRAY-NET CONCEPT.

8.3 Accounting and Computer Systems

The FRANCHISEE undertakes to purchase or lease and use, in the manner prescribed by the FRANCHISOR, for the purposes of recording all of its GROSS INCOME as well as other data related to the FRANCHISED BUSINESS, such computer systems, accounting systems or other hardware or software prescribed by the FRANCHISOR, which must be purchased or leased by the FRANCHISEE, from the FRANCHISOR, AFFILIATE and/or from suppliers approved from time to time by the FRANCHISOR, and from no one else and to use no other computer or accounting systems in connection with the FRANCHISED BUSINESS.

8.4 Examination of Books and Records

The FRANCHISOR (or such third party auditor, accountant or other professional designated by it) has the right, at any time, to inspect the original books, records and all other documents of the FRANCHISEE pertaining to the FRANCHISED BUSINESS and make copies or extracts thereof. The FRANCHISOR (or such third party accounting firm designated by it) shall also have the right to verify the GROSS INCOME of the FRANCHISEE and review all accounting records, supporting documentation and procedures used by the FRANCHISEE in the recording of its GROSS INCOME. FRANCHISEE and DESIGNATED PERSON will be available upon reasonable notice by FRANCHISOR during any inspection or audit described in this Article 8. FRANCHISEE and DESIGNATED PARTY agree to fully cooperate with such inspection or audit. FRANCHISEE represents and warrants that all information provided to FRANCHISOR and auditors during such inspections and audit will be complete and accurate in all material respects. The rights set out in this Section 8.4 will survive termination of this AGREEMENT.

8.5 Corrective Measures

If the auditor, accountant or other professional representative of the FRANCHISOR retained by the FRANCHISOR to complete an inspection, audit or examination of the FRANCHISEE for the FRANCHISOR, is of the opinion that the files or records of the FRANCHISEE do not conform or are not kept in accordance with the provisions of this AGREEMENT and the rules prescribed from time to time by the FRANCHISOR, or that the FRANCHISEE has not fully complied with the provisions hereof, or that any inspection, audit or examination reveals a difference between the GROSS INCOME shown by the inspection, audit or examination and the GROSS INCOME reported by the FRANCHISEE to the FRANCHISOR, the FRANCHISEE shall immediately pay to the FRANCHISOR the entire difference (including any short-falls in required contributions as ROYALTIES and/or to the NATIONAL MARKETING FUND CONTRIBUTION, and/or to the REGIONAL ADVERTISING FUND CONTRIBUTION, and/or to the FRANCHISEE ADVERTISING FEE), the FRANCHISEE shall immediately take all measures required to remedy such failure(s) entirely based on the reasonable recommendations made by the FRANCHISOR, the whole without prejudice to any other rights and recourses of the FRANCHISOR. Furthermore, in the event that any inspection, audit or examination reveals a GROSS INCOME difference shown by the inspection or audit in excess of two percent (2%) of the GROSS INCOME reported by the FRANCHISEE to the FRANCHISOR, then the FRANCHISEE shall pay the FRANCHISOR all the costs and expenses incurred by the FRANCHISOR for such inspection or

audit payable within thirty (30) days of being notified of the results of the inspection, audit or examination. The rights set out in this Section 8.5 will survive termination of this AGREEMENT.

9 SUPPLY

9.1 Standards Relating to Products

The FRANCHISEE undertakes and agrees to only purchase, lease, install, place, display, promote, use and sell services, products and goods, which include without limitation materials, supplies, uniforms, accessories, furnishings, signs, equipment, vehicles, trailers, equipment, articles, supplies, stationery, paper and tags, in each case which fully comply with the norms, standards, criteria, specifications, brands and models that may be, from time to time, prescribed by the FRANCHISOR.

9.2 Sources of Supply

The FRANCHISEE agrees to purchase or rent all the PRODUCTS, INVENTORY, SUPPLIES, STARTER KIT, EQUIPMENT and goods prescribed by the FRANCHISOR in connection with the FRANCHISED BUSINESS from the FRANCHISOR and/or from suppliers approved in writing by the FRANCHISOR, and only from them. All such PRODUCTS, INVENTORY, SUPPLIES, STARTER KIT, EQUIPMENT and goods must fully comply with the norms, standards, criteria, specifications, brands and models that may be, from time to time, prescribed by the FRANCHISOR. In particular, the FRANCHISEE recognizes the importance to the SPRAY-NET CONCEPT of using paints approved by the FRANCHISOR. Every instance of use of unauthorized paints by the FRANCHISEE in the conduct of the FRANCHISED BUSINESS will result in the application of the penalty provision set forth in Section 22.12.

9.3 Rebates and Discounts

The FRANCHISEE agrees and accepts that the FRANCHISOR may, from time to time, receive and retain for its own benefit discounts, rebates, promotional allowances and/or other forms of gratifications or remittances from suppliers in connection with the purchase and or renting by the FRANCHISEE of services, products, inventory, equipment and goods prescribed by the FRANCHISOR.

9.4 Price

Unless otherwise indicated on any purchase order, delivery receipt or invoice, the price that the FRANCHISEE shall pay to the FRANCHISOR and/or suppliers approved by the FRANCHISOR, as the case may be, for each of the products, inventory, services or goods shall correspond to the prices on the latest price list remitted from time to time by the FRANCHISOR or the approved suppliers to the FRANCHISEE, which price list may be amended from time to time, by the FRANCHISOR or the approved suppliers. In the event there is no price list, the prices shall be those indicated on the invoices sent to the FRANCHISEE in connection with such products, inventory, services or goods.

9.5 Orders

The FRANCHISEE undertakes to place its orders as directed by the FRANCHISOR from time to time, as the case may be, to the FRANCHISOR or to suppliers approved by the FRANCHISOR.

9.6 Delivery

The FRANCHISOR will, and will cause any approved supplier to, use its reasonable best efforts to fill, as quickly as possible, all orders received by the FRANCHISEE in accordance with this AGREEMENT. Shipping costs of products and other goods, when applicable, will be borne by the FRANCHISEE.

9.7 Warranties

SUBJECT TO THE TERMS OF THIS SECTION 9.7, THE FRANCHISOR MAKES NO REPRESENTATION AND GIVES NO WARRANTY WITH RESPECT TO PRODUCTS, INVENTORIES, EQUIPMENT, STARTER KIT, SUPPLIES, SERVICES OR GOODS SOLD TO THE FRANCHISEE. THE FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE ONLY WARRANTIES APPLICABLE TO SUCH PRODUCTS, INVENTORIES, EQUIPMENT, STARTER KIT, SUPPLIES, SERVICES OR GOODS WILL BE THAT OR THOSE WARRANTIES OF THE MANUFACTURER IN EACH CASE. TO THE EXTENT THAT THE FRANCHISOR OR ANY AFFILIATED ENTITIES OF THE FRANCHISOR SELLS TO THE FRANCHISEE PRODUCTS, INVENTORIES, EQUIPMENT, STARTER KIT, SUPPLIES, SERVICES OR GOODS MANUFACTURED OR OFFERED BY IT AT ANY TIME, THEN THE FRANCHISOR WILL ENSURE THAT CUSTOMARY WARRANTIES (CONSIDERING INDUSTRY PRACTICES) APPLY IN RESPECT OF THE PURCHASE OF SUCH PRODUCTS, INVENTORIES, EQUIPMENT, STARTER KIT, SUPPLIES, SERVICES OR GOODS; PROVIDED HOWEVER, THAT ANY RECOURSE OF THE FRANCHISEE SHALL BE LIMITED TO THE PRICE PAID BY THE FRANCHISEE FOR SUCH PRODUCTS, INVENTORIES, EQUIPMENT, STARTER KIT, SUPPLIES, SERVICES OR GOODS, AND PROVIDED FURTHER THAT THE FRANCHISEE SHALL NOT HAVE, AT ANY TIME, ANY RECOURSE AGAINST THE FRANCHISOR OR ANY OF ITS AFFILIATED ENTITIES FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES.

THE FRANCHISOR TRANSFERS TO THE FRANCHISEE, TO THE EXTENT THEY ARE ASSIGNABLE, ALL WARRANTIES GRANTED TO THE FRANCHISOR BY ANY MANUFACTURER OR PROVIDER OF PRODUCTS, INVENTORIES, EQUIPMENT, STARTER KIT, SUPPLIES, SERVICES OR GOODS. THE FRANCHISEE UNDERTAKES TO FULLY RESPECT THE PROCEDURES FOR MAINTENANCE AND IMPLEMENTATION OF ANY WARRANTIES STIPULATED BY ANY MANUFACTURER.

ADDITIONALLY, EXCEPT AS EXCLUSIVELY SET FORTH IN THIS SECTION 9.7, FRANCHISOR AND ITS AFFILIATES MAKE NO EXPRESS, IMPLIED, COLLATERAL OR CONDITIONAL WARRANTIES WITH RESPECT TO THE SPRAY-NET CONCEPT, FRANCHISOR MARKETING MATERIALS, OPERATIONS MANUAL, TECHNOLOGY, EQUIPMENT, STARTER-KIT, INVENTORY, STANDARDS OR ANY OTHER PRODUCTS, SERVICES AND GOODS DEVELOPED, USED, LICENSED, LEASED, OR SOLD BY OR FOR FRANCHISOR OR BY OR FOR FRANCHISEE IN THE FRANCHISED BUSINESS. FRANCHISOR MAKES NO REPRESENTATIONS OR WARRANTIES OF TITLE, CONDITION OF TITLE, OR THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY AS TO THE SUCCESS OR PROFITABILITY OF THE FRANCHISED BUSINESS. FRANCHISOR ASSUMES NO LIABILITIES OR RESPONSIBILITY FOR ANY ACTS OR OMISSIONS, WHICH MAY GIVE RISE TO LIABILITY TO ANY OF FRANCHISEE'S CUSTOMERS. FRANCHISOR AND ITS AFFILIATES ASSUME NO LIABILITY OR OBLIGATION AND MAKE NO GUARANTY OR EXPRESS OR IMPLIED WARRANTIES TO FRANCHISEE, THE DESIGNATED PARTY, FRANCHISEE'S AFFILIATES AND/OR CUSTOMERS BY GRANTING OR DENYING ANY APPROVAL, CONSENT, WAIVER OR THE LIKE OR BY REASON OF ANY NEGLIGENCE, DELAY OR DENIAL OF ANY REQUEST THEREFORE.

10 STANDARDS OF USE

10.1 Standards of Use

The FRANCHISEE hereby recognizes and acknowledges that it is critical to the success, value and goodwill of the SPRAY-NET CONCEPT to ensure that all franchisees of the SPRAY-NET CONCEPT

maintain a high level of quality and uniformity in the offering of the PRODUCTS and SERVICES and as such, the FRANCHISEE undertakes to do the following:

- 10.1.1 FRANCHISEE and/or the DESIGNATED OPERATOR will attend and successfully complete the INITIAL TRAINING, SALES TRAINING and PRODUCTION TRAINING and any additional mandatory training that FRANCHISOR may choose to offer. If FRANCHISEE or the DESIGNATED OPERATOR fail to satisfactorily complete the INITIAL TRAINING, SALES TRAINING and PRODUCTION TRAINING FRANCHISOR may require FRANCHISEE or DESIGNATED OPERATOR to re-take the INITIAL TRAINING, SALES TRAINING and PRODUCTION TRAINING or portion thereof and pay the then current training fee, if any;
- 10.1.2 Offer and sell only the PRODUCTS and the SERVICES and use only the EQUIPMENT, INVENTORY, STARTER KIT, and other goods and services that have been approved in writing by the FRANCHISOR;
- 10.1.3 Acquire the PRODUCTS, INVENTORY, STARTER KIT, EQUIPMENT, and other goods and services according to the terms set forth in this AGREEMENT and the OPERATIONS MANUAL;
- 10.1.4 Sell all PRODUCTS approved by the FRANCHISOR and to render all the SERVICES approved by the FRANCHISOR and not sell any other product, nor render any other service in the FRANCHISED BUSINESS;
- 10.1.5 Maintain the assets comprised in the FRANCHISED BUSINESS at all times in accordance with the maintenance program prescribed by the FRANCHISOR;
- 10.1.6 Keep the FRANCHISED BUSINESS open and fully operational during such hours and such days as may be prescribed, from time to time, by the FRANCHISOR;
- 10.1.7 Make every effort to increase the goodwill inherent in the MARKS and the SPRAY-NET CONCEPT including, without limitation, to operate its FRANCHISED BUSINESS and to promote the sale to clients of PRODUCTS and SERVICES in accordance with instructions received from time to time by the FRANCHISOR;
- 10.1.8 Collaborate with research and development efforts of the FRANCHISOR in connection with the PRODUCTS and SERVICES;
- 10.1.9 Respect all laws, regulations, by-laws and other rules applicable to the FRANCHISED BUSINESS and make all registrations and obtain, as required, all permits, certificates and licenses, in each case necessary to operate the FRANCHISED BUSINESS in the EXCLUSIVE TERRITORY. For greater certainty, the FRANCHISOR does not provide any assurances or guarantees that the FRANCHISEE is eligible to make such registrations or receive any such required permits, certificates or licenses and the risk of same shall be borne by the FRANCHISEE;
- 10.1.10 Enter into, maintain and comply with all necessary agreements required in connection with the ability to receive customer payments by way of credit cards or such other payment methods, the whole as designated from time to time by the FRANCHISOR. FRANCHISEE is responsible for all fees attributable to FRANCHISEE'S use of such payment methods;

- 10.1.11 Operate the FRANCHISED BUSINESS exclusively as a business offering the PRODUCTS and SERVICES and not engage in any other type of business without the prior written consent of the FRANCHISOR;
- 10.1.12 Promote the FRANCHISED BUSINESS entirely in accordance with the advertising, publicity, sales, promotions and marketing programs instituted and maintained, from time to time, by the FRANCHISOR. The FRANCHISEE agrees to purchase all publicity and/or promotional materials related to the FRANCHISED BUSINESS from the FRANCHISOR or any service provider as directed by the FRANCHISOR or as otherwise approved by the FRANCHISOR, only and not from any other person, at the cost and expense of the FRANCHISEE;
- 10.1.13 Provide and render at all times a service before and after sales that is fast, efficient, of high quality and in compliance with the SPRAY-NET CONCEPT and do all such things as are required to promote public confidence in the FRANCHISEE and the SPRAY-NET CONCEPT. The FRANCHISEE further agrees not to, directly, indirectly or implicitly, give representations or warranties (whether written or verbal) regarding the PRODUCTS and/or SERVICES, except those specifically authorized in writing by the FRANCHISOR. FRANCHISEE agrees to honor all proper claims under such authorized warranties and guarantees issued by FRANCHISEE and to otherwise fully comply with the obligations of such warranties and guarantees;
- 10.1.14 Respond promptly and courteously to complaints made by customers in regards to the FRANCHISED BUSINESS and within three (3) business days of receiving such complaint notify the FRANCHISOR in writing of any such complaints and respond to any such complaint in accordance with any customer complaint corrective action procedure maintained by the FRANCHISOR from time to time. The FRANCHISOR reserves the right to respond directly to any customer complaint and undertake all necessary or useful repairs or corrective actions under the circumstances, at the cost and expense of the FRANCHISEE, in accordance with the invoice provided by FRANCHISOR;
- 10.1.15 Operate the FRANCHISED BUSINESS in accordance with the highest standards of honesty, integrity and professional ethics and in a manner which reflects positively upon, and protects, the MARKS and the SPRAY-NET CONCEPT;
- 10.1.16 Not allow or tolerate, without the prior written approval of the FRANCHISOR, the posting of any banner, sign, poster or any other advertising or promotion in respect of the FRANCHISED BUSINESS, except those prescribed by the FRANCHISOR. Moreover, the FRANCHISEE will not conduct any online advertising (directly or through any third party), including through the Internet, social media websites or other social media platforms, without the prior written consent of the FRANCHISOR, which may be withheld in its sole and absolute discretion. The FRANCHISEE acknowledges and understands that the FRANCHISOR has made and continues to make significant investments to expand on its marketing and advertisement strategies and the success of the FRANCHISED BUSINESS depends, in part, on the ability to execute on these strategies in an aligned and harmonized manner. Allowing the franchisees of the SPRAY-NET CONCEPT to individually advertise and market the FRANCHISED BUSINESS in a manner that is not aligned with the strategies of the FRANCHISOR can cause irreparable harm to the FRANCHISED BUSINESS;
- 10.1.17 FRANCHISEE agrees to cooperate with and communicate directly with FRANCHISOR. FRANCHISEE further agrees to cooperate with FRANCHISOR'S efforts to directly

communicate with FRANCHISEE'S existing and prospective clients, including, without limitation, research and testing programs;

- 10.1.18 FRANCHISEE agrees to notify FRANCHISOR of any change in business or personal address, telephone number, email address within ten (10) days of such change;
- 10.1.19 FRANCHISEE will comply with and perform all obligations under all other agreements between FRANCHISEE, FRANCHISEE'S owners and affiliates and FRANCHISOR and its Affiliates. FRANCHISEE also agrees to comply with all agreements and obligations with third parties concerning the FRANCHISED BUSINESS, including, without limitation, all supplier agreements and customer contracts. FRANCHISEE agrees to pay all obligations incurred in connection with the FRANCHISED BUSINESS per the agreed upon terms; and
- 10.1.20 The FRANCHISOR establishes throughout the INITIAL TERM suggested pricing at which its franchisees may sell PRODUCTS and SERVICES to the public. These suggested prices might differ based on geographical areas as determined by the FRANCHISOR. The FRANCHISEE shall have the right to sell the PRODUCTS and SERVICES to the public at a price point determined by it provided that such prices are no lower than ten percent (10%) less than the FRANCHISOR suggested pricing and no higher than fifteen percent (15%) more than the suggested pricing.

10.2 Ownership of the FRANCHISEE

- 10.2.1 The FRANCHISEE represents and warrants that the sole managers, partner, directors, officers, members, shareholders and persons with any interest of any nature whatsoever, direct or indirect, in the FRANCHISEE and/or any shareholder, member, partner or owner of the FRANCHISEE are the persons identified in **Schedule "C"** and that no other person has any interest, of any nature whatsoever, direct or indirect, in the FRANCHISEE and/or any shareholder, owner, partner or member of the FRANCHISEE nor, in any way, the right to participate and/or influence any decisions of the FRANCHISEE or any shareholder, owner, partner or member of the FRANCHISEE.
- 10.2.2 The FRANCHISEE undertakes to cause all the shareholders, members, partners, and owners of the FRANCHISEE (and their respective shareholders, members, partners and owners to the extent that the shareholder, member, partner or owner of the FRANCHISEE is a corporation, limited liability company, partnership or other entity) holding at least twenty-five percent (25%) equity interest in FRANCHISEE to agree to sign and execute the personal guarantee provided for in **Schedule "F"** to this AGREEMENT concurrently with the execution of this AGREEMENT. Notwithstanding the foregoing, the DESIGNATED PERSON will be required to sign the personal guarantee regardless of the amount of equity interest in FRANCHISEE held by the DESIGNATED PERSON.
- 10.2.3 The FRANCHISEE undertakes to cause all the shareholders, members, partners, and owners of the FRANCHISEE (and their respective shareholders, members, partners and owners to the extent that the shareholder, member, partner or owner of the FRANCHISEE is a corporation, limited liability company, partnership or other entity) to sign and execute the Non-compete and Confidentiality Agreement provided for in **Schedule "E"** to this AGREEMENT concurrently with the execution of this AGREEMENT.
- 10.2.4 The FRANCHISEE further represents and warrants that no person has any option or any right to acquire any interest in the FRANCHISEE or in any shareholder members, partners

or owners of the FRANCHISEE nor is the FRANCHISEE party to any agreement or writing likely to become such a right or option.

10.3 Ownership of Client Information

In operating the FRANCHISED BUSINESS, the FRANCHISEE will receive, collect and/or create a list of names and other identifying information of the clients of the FRANCHISED BUSINESS as well as other information and statistics pertaining thereto (“**CLIENT INFORMATION**”). The FRANCHISEE agrees and acknowledges that the CLIENT INFORMATION was obtained through the use of the MARKS and the SPRAY-NET CONCEPT and, as a result, is and will remain the sole and exclusive property of the FRANCHISOR. The FRANCHISEE shall have no rights in and to such CLIENT INFORMATION other than the rights to use it in connection with the operation of the FRANCHISED BUSINESS during the TERM. Upon termination or expiration of this AGREEMENT, the CLIENT INFORMATION will be delivered to the FRANCHISOR and the FRANCHISEE undertakes not to use such CLIENT INFORMATION in any manner or capacity and hereby explicitly acknowledges that the FRANCHISEE shall have no further rights in and to such CLIENT INFORMATION.

11 OPERATIONS MANUAL

11.1 General Provisions

In order to protect FRANCHISOR and to maintain the standards of operation associated with the SPRAY-NET CONCEPT, the OPERATIONS MANUAL may contain mandatory and suggested specifications, standards and procedures for the operation of the FRANCHISED BUSINESS, as well as information relative to FRANCHISEE’S other obligations hereunder. All such specifications, standards and operating procedures will be reasonable in FRANCHISOR’S Business Judgment and will not fundamentally alter FRANCHISEE’S status and rights under this AGREEMENT. Specifications, standards, and procedures prescribed from time to time by FRANCHISOR in the OPERATIONS MANUAL, or otherwise communicated to FRANCHISEE in writing, will constitute provisions of this AGREEMENT as if fully set forth herein. The FRANCHISEE agrees to keep an up-to-date copy of its OPERATIONS MANUAL and to insert therein, on their effective date, all changes, amendments, revisions and additions forwarded to it from time to time by the FRANCHISOR.

11.2 Modifications to the OPERATIONS MANUAL and SPRAY-NET CONCEPT

FRANCHISEE understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers and/or presently unforeseen technological and other innovations, the SPRAY-NET CONCEPT may change to best serve the interests of FRANCHISOR, FRANCHISEE, other franchisees and licensees and the SPRAY-NET CONCEPT. Accordingly, FRANCHISEE expressly understand and agree that FRANCHISOR may from time to time, in its sole discretion, (1) change the components of the SPRAY-NET CONCEPT; (2) delete, add to, or otherwise modify the PRODUCTS and SERVICES which the FRANCHISED BUSINESS is authorized to offer; (3) change, improve or modify the MARKS; and (4) delete, add to or otherwise modify the OPERATIONS MANUAL. FRANCHISEE may be notified of such changes by any method, including but not limited to, e-mail, posting the changes to the Intranet, mail, teleconference or facsimile. But, FRANCHISEE is responsible for checking the Intranet for changes to THE OPERATIONS MANUAL and FRANCHISEE will be responsible for any updates and changes set out in the OPERATIONS MANUAL, at FRANCHISEE’S cost, regardless of whether FRANCHISEE receives notice from FRANCHISOR.

11.3 Compliance with OPERATIONS MANUAL

The FRANCHISEE covenants and agrees to be bound by the terms of the OPERATIONS MANUAL, as same may be amended from time to time, which it acknowledges constitutes a crucial component to the success of the SPRAY-NET CONCEPT.

11.4 Ownership of the OPERATIONS MANUAL

The FRANCHISEE acknowledges that the OPERATIONS MANUAL is the property of the FRANCHISOR and it shall not, under any circumstances, allow the reproduction or circulation of the OPERATIONS MANUAL outside of the secure location of the FRANCHISED BUSINESS.

12 DESIGNATED PERSON AND EMPLOYEES

12.1 Designated Person

The FRANCHISED BUSINESS shall be, at all times, under the direction and direct supervision of the DESIGNATED PERSON.

12.2 Status of Designated Person

During the entire TERM, the DESIGNATED PERSON shall (a) own at least ten (10%) equity interest in the FRANCHISEE (or any corporate shareholder of the FRANCHISEE); and (b) devote his/her full-time and best efforts to the management and operation of the FRANCHISEE and the FRANCHISED BUSINESS.

12.3 Replacement of DESIGNATED PERSON

In the event that, for any reason whatsoever, the DESIGNATED PERSON ceases to exercise his or her duties, the FRANCHISEE agrees to immediately notify the FRANCHISOR and choose another person to replace him or her within ten (10) days. This replacement shall, before being appointed as DESIGNATED PERSON in accordance with this AGREEMENT, have been approved in writing by the FRANCHISOR and have taken and successfully completed, at the expense of the FRANCHISEE, the training program in effect at that time for new franchisees of the SPRAY-NET CONCEPT or their designated persons. Until a person approved by the FRANCHISOR and duly trained pursuant to this AGREEMENT replaces the DESIGNATED PERSON, the daily operation of the FRANCHISED BUSINESS shall be under the temporary supervision of a person designated by the FRANCHISEE and approved by the FRANCHISOR. In such circumstances, the FRANCHISOR may also, without being obliged to, elect to provide a manager for the FRANCHISED BUSINESS and the FRANCHISEE shall immediately reimburse all costs incurred by the FRANCHISOR for such purpose.

12.4 FRANCHISEE is sole Employer

The FRANCHISEE is and shall remain at all times solely responsible, as an independent contractor, for the hiring, layoff, dismissal, remuneration and training of all its employees and it shall remain at all times solely responsible for such matters including, without limitation in respect of its staff, working conditions, work schedules, methods of work, discipline, health and safety at work, workers' compensation, unemployment insurance, income tax, tax under the health insurance plan, social security, notices and obligations for any termination of employment and all other legal requirements applicable to employers.

12.5 Independent Entity

In all dealings with third parties including, without limitation, employees, suppliers, manufacturers, distributors, other franchisees, and customers, FRANCHISEE shall disclose in an appropriate manner acceptable to FRANCHISOR that FRANCHISEE is an independent entity licensed by FRANCHISOR. Any time FRANCHISEE or DESIGNATED PERSON, or employees use their titles (e.g., president), it must be made clear that such person holds that position with the FRANCHISEE entity and not with the FRANCHISOR.

12.6 Management

FRANCHISEE is prohibited from transferring, delegating, assigning or subcontracting FRANCHISEE'S obligations under this AGREEMENT or the operation of the FRANCHISED BUSINESS to any third party or entity without FRANCHISOR'S prior approval.

13 INSPECTION OF THE WORK PERFORMED

13.1 Inspection

13.1.1 The FRANCHISOR shall have the right, at all times, to inspect the work performed by the FRANCHISEE and to select, for evaluation purposes, samples of materials, inventory, PRODUCTS, accessories and any other goods for purposes of ensuring that they comply with the terms set forth in this AGREEMENT.

13.1.2 The FRANCHISOR may require the FRANCHISEE to correct and/or repair any work performed by the latter which was not done in accordance with this AGREEMENT or with the customer contract. This obligation also applies in respect of all warranties given by the FRANCHISEE to a customer, for the duration of the warranty.

13.2 Customer Complaint

In the event of a *bone fide* complaint from a customer of the FRANCHISEE, any deficiency in the work performed by the FRANCHISEE or the failure by the FRANCHISEE to respect a warranty or to correct or repair work it performed which it is required to correct or repair, the FRANCHISOR may require that the FRANCHISEE cease any work in progress and/or be replaced by the FRANCHISOR or any person designated by the FRANCHISOR. In such cases, the FRANCHISEE shall pay the FRANCHISOR immediately upon presentation of the invoice, for the price of the contract plus an amount representing fifteen percent (15%) of the value of the contract as an administration fee for the FRANCHISOR'S intervention as well as any out of pocket expenses incurred by the FRANCHISOR in connection therewith.

14 INSURANCE

14.1 Required Insurance

The FRANCHISEE undertakes to subscribe to and maintain in force throughout the INITIAL TERM and any INTERIM PERIOD, from one of numerous recognized national insurance companies, with a minimum rating as set out in the OPERATIONS MANUAL, such insurance coverage as prescribed by the FRANCHISOR from time to time which shall include, without limitation, the following coverage, which may be modified at anytime by FRANCHISOR in the OPERATIONS MANUAL:

14.1.1 comprehensive damage insurance covering all the assets of the FRANCHISED BUSINESS against damage or loss resulting from fire, explosion or any other peril or disaster, including vandalism and/or any other voluntary act, for an amount equivalent to the full replacement value thereof;

14.1.2 comprehensive liability insurance protecting the FRANCHISEE against the financial consequences of any liability incurred by it due to the provision, delivery, sale and/or lease of any SERVICE or PRODUCT. The limit of the coverage for such liability insurance shall not be less than \$2,000,000 for each event;

- 14.1.3 any insurance required from time to time by any governmental authority, statute, ordinance, rule or regulation. Such insurance shall be in such amounts and contain such provisions as required by the competent authorities;
- 14.1.4 business interruption insurance for a minimum monthly amount equivalent to the monthly average of GROSS INCOME realized during the last twelve (12) months or for any other higher amount that the FRANCHISOR may prescribe, from time to time, by reasonably taking into account GROSS INCOME, ROYALTIES, contributions to the NATIONAL MARKETING FUND CONTRIBUTION, to the REGIONAL ADVERTISING FUND CONTRIBUTION, and FRANCHISEE ADVERTISING FEE;
- 14.1.5 car insurance (which shall also cover the mobile trailer) together with a civil liability insurance in the amount of \$2,000,000 for each event (with coverage against corporal and physical damages); and
- 14.1.6 any other insurance for such amount and under such terms and conditions as may be reasonably prescribed by the FRANCHISOR and for which the amount, the terms and the form shall be determined, from time to time, by the FRANCHISOR, acting reasonably.

14.2 Insurers

- 14.2.1 All insurance policies that must be subscribed to and maintained by the FRANCHISEE pursuant to this AGREEMENT shall contain: (i) a provision to the effect that the insurers undertake to notify the FRANCHISOR, in writing, at least thirty (30) days in advance of any termination, modification or non-renewal of any policy or insurance coverage, (ii) a provision to the effect that the insurer waives any rights of subrogation against or towards the FRANCHISOR as well as against or towards its insurers, (iii) designate the FRANCHISOR as an additional insured and (iv) contain a cross-liability provision pursuant to which the FRANCHISOR is entitled to benefits that provide policies for any damage caused to it or caused to one or more of its shareholders, owners, members, agents, contractors or employees.
- 14.2.2 Any compensation received under any insurance policies mentioned in this section shall be used first by the FRANCHISEE for the purpose of promptly and without delay rebuilding, repairing and restarting the operation of the FRANCHISED BUSINESS.
- 14.2.3 A copy of each insurance policy shall be promptly remitted by the FRANCHISEE to the FRANCHISOR upon its issuance.

14.3 Failure to Obtain Insurance

If FRANCHISEE at any time fails or refuses to maintain in effect any insurance coverage required by this AGREEMENT, or to furnish satisfactory evidence thereof, after thirty (30) days notice to FRANCHISEE, FRANCHISOR, at its sole option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on FRANCHISEE'S behalf, and FRANCHISEE agree to promptly execute any applications or other forms or instruments required to obtain any such insurance. FRANCHISEE further agrees to pay to FRANCHISOR, on demand, any costs, expenses, and premiums incurred by FRANCHISOR.

15 MARKS AND SPRAY-NET CONCEPT

15.1 Ownership of the MARKS and SPRAY-NET CONCEPT

- 15.1.1 FRANCHISOR licenses and/or owns all right, title, interest and goodwill in and to the SPRAY-NET CONCEPT, the MARKS, Operations Manual, Confidential Information, TRADE SECRETS, URLs containing the MARKS or any portion thereof, and other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates. FRANCHISEE further acknowledges and agrees that they have significant value. FRANCHISOR desires to protect the goodwill therein and to preserve and enhance their value.
- 15.1.2 Neither this AGREEMENT nor the operating of the FRANCHISED BUSINESS shall confer nor be deemed to confer any interest in the MARKS to the FRANCHISEE, other than a license to use the MARKS for the sole purpose of operating the FRANCHISED BUSINESS in accordance with all the terms and provisions of this AGREEMENT and only during the TERM. The FRANCHISEE shall not, under any circumstances, use the MARKS in a manner that suggests that it is the owner or otherwise represent itself as the owner of the MARKS or the SPRAY-NET CONCEPT. The FRANCHISEE shall not attempt, directly or indirectly, to dilute, diminish or otherwise negatively impact the value of the goodwill or reputation attributable to the MARKS. FRANCHISOR has the sole right to control FRANCHISEE'S use of the MARKS.
- 15.1.3 FRANCHISEE'S right to use the SPRAY-NET CONCEPT, MARKS, OPERATIONS MANUAL, Confidential Information, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR derives solely from this AGREEMENT and FRANCHISOR has the sole right to control FRANCHISEE use of same. FRANCHISEE only has the right to use the SPRAY-NET CONCEPT, MARKS, OPERATIONS MANUAL, Confidential Information, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR in the operation of the FRANCHISED BUSINESS during the TERM and only in accordance with this AGREEMENT.

15.2 Use of MARKS and SPRAY-NET CONCEPT

- 15.2.1 The FRANCHISEE will only use only the SPRAY-NET CONCEPT, MARKS, OPERATIONS MANUAL, Confidential Information, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR in the identification, marketing, promotion or operation of the FRANCHISED BUSINESS during the TERM and only in strict compliance with this AGREEMENT and FRANCHISOR'S rules and guidelines set out in the OPERATIONS MANUAL.
- 15.2.2 All goodwill and usage of the SPRAY-NET CONCEPT, MARKS, OPERATIONS MANUAL, Confidential Information, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR its Affiliates or on behalf of FRANCHISOR or its Affiliates inure to the benefit of FRANCHISOR. FRANCHISEE acknowledges and agrees that FRANCHISEE has not acquired any right, title, interest, right to use or goodwill of the SPRAY-NET CONCEPT, MARKS, OPERATIONS MANUAL, Confidential Information, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other

proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates. In the event that FRANCHISEE acquires any such rights, title or interest FRANCHISEE agree to assign and hereby assign all such rights, title or interest to FRANCHISOR.

15.3 Unauthorized Use

FRANCHISEE is prohibited from any unauthorized use of the SPRAY-NET CONCEPT, MARKS, Confidential Information, TRADE SECRETS, Operations Manual, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates. Any prohibited use by FRANCHISEE will constitute an infringement of FRANCHISOR'S rights, including in connection with the sale of an unauthorized service or product or in a manner not authorized in writing by FRANCHISOR. FRANCHISEE acknowledges that any infringement will cause substantial harm to FRANCHISOR, its Affiliates, other FRANCHISOR'S franchisees, licensees and other SPRAY-NET BUSINESSES. FRANCHISEE will not use any MARKS or any portion thereof in any URLs.

15.4 Modification to the SPRAY-NET CONCEPT

The FRANCHISEE acknowledges that the FRANCHISOR may, at any time, in its sole discretion, make additions or changes to, among other things, the SPRAY-NET CONCEPT, the PRODUCTS and/or SERVICES, as well as the methods, procedures and techniques that it uses or permits the use by franchisees of the SPRAY-NET CONCEPT, and that it may supplement, enhance and otherwise modify them from time to time, the whole with the view of protecting and/or improving the SPRAY-NET CONCEPT without altering the spirit and nature of the SPRAY-NET CONCEPT. Consequently, the FRANCHISEE undertakes to comply promptly with the requirements of the FRANCHISOR in this regard.

15.5 Disclosure; Infringement and Cooperation

- 15.5.1 The FRANCHISEE undertakes to promptly notify and disclose to the FRANCHISOR any infringement, misuse, illegal use or violation, present or anticipated, of one or more of the MARKS, the SPRAY NET CONCEPT, Confidential Information, TRADE SECRETS, Operations Manual and/or other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates or anything confusingly similar thereto that may come to FRANCHISEE attention as well as of all litigation instituted or threatened with respect to the same or any other aspect of the FRANCHISE BUSINESS.
- 15.5.2 FRANCHISEE acknowledges that FRANCHISOR will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. FRANCHISOR may commence or prosecute such action in its own name and may join FRANCHISEE as a party thereto, if FRANCHISOR determines it to be reasonably necessary for the continued protection and quality control of any of the MARKS, the SPRAY NET CONCEPT, Confidential Information, TRADE SECRETS, Operations Manual and/or other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates. FRANCHISOR will bear the reasonable cost of any such action, including attorneys' fees. FRANCHISEE agrees to fully cooperate with FRANCHISOR in any such litigation

15.5.3 Upon FRANCHISOR'S request, FRANCHISEE will cooperate fully, both before and after termination or expiration of this AGREEMENT in confirming, perfecting, preserving, and enforcing FRANCHISOR'S rights in the SPRAY-NET CONCEPT, Operations Manual, MARKS, Confidential Information, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates. This includes, but is not limited to, executing and delivering to FRANCHISOR such documents as FRANCHISOR reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of SERVICES and PRODUCTS. FRANCHISEE hereby irrevocably appoints FRANCHISOR as FRANCHISEE'S attorney-in-fact for the purpose of executing such documents.

15.6 Commercial Name

The FRANCHISEE agrees not to use any of the MARKS as part of its corporate name, its trade name or any name registered by it, neither with or without prefix or suffix nor any other modifying word, term, design or symbol, without the prior written consent of the FRANCHISOR. FRANCHISEE agrees to identify FRANCHISEE as the independent owner and operator of the FRANCHISED BUSINESS in the manner prescribed by FRANCHISOR in the Operations Manual. FRANCHISEE will not identify itself in a manner, which may mislead someone that FRANCHISEE is an employee or agent of FRANCHISOR. FRANCHISEE agrees to prominently display the MARKS in the manner prescribed by FRANCHISOR in connection with the FRANCHISED BUSINESS'S letterhead, marketing materials, advertising, forms and packaging.

15.7 Promotion of the FRANCHISED BUSINESS

15.7.1 The FRANCHISEE undertakes to advertise and promote its FRANCHISED BUSINESS under the name or names prescribed by the FRANCHISOR accompanied by any word, statement or symbol that may be prescribed, from time to time, by the FRANCHISOR, and not under any another name, word, statement or symbol.

15.7.2 The FRANCHISEE shall not, without the prior written consent of the FRANCHISOR, use, employ or tolerate the use of, for any purpose related directly or indirectly to operation of the FRANCHISED BUSINESS, any trade marks, trade names, symbols, logos, slogans or other similar intellectual property other than the MARKS.

15.8 Identification of FRANCHISEE

The FRANCHISEE agrees that at all times and in all its advertising and promotions, on its signs, on any other material, on its letterhead, business forms, vehicles, trailers as well as in all its relationships with other businesses and the general public, it shall identify itself only as a franchisee of the FRANCHISOR, that is, as a "Spray-Net authorized FRANCHISEE", and use it in all cases for ads or listings prescribed for this purpose from time to time by the FRANCHISOR.

15.9 Works Made For Hire.

All Copyrighted Materials created by FRANCHISEE or any other person or entity retained or employed by FRANCHISEE are "works made for hire" within the meaning of the United States Copyright Act and are the property of FRANCHISOR. FRANCHISOR is entitled to use and license others to use such Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not "works made for hire" or rights in the Copyrighted Materials do not automatically accrue to FRANCHISOR, FRANCHISEE irrevocably assign and agree to assign to FRANCHISOR, its successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights,

including all copyrights, in such Copyrighted Materials. FRANCHISEE and the author of such Copyrighted Materials warrant and represent that such Copyrighted Materials are created by and wholly original with the author. Where applicable, FRANCHISEE agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure FRANCHISOR'S right in the Copyrighted Materials as required in this Section 15.9.

15.10 Contest Ownership.

15.10.1 FRANCHISEE will never dispute, contest or challenge anywhere in the world, directly or indirectly, the validity, enforceability, registration or application for registration of the SPRAY-NET CONCEPT, MARKS, Operations Manual, CONFIDENTIAL INFORMATION, TRADE SECRETS, URLs containing the MARKS and other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates or FRANCHISOR'S ownership therein, nor counsel, procure, or assist anyone else to do the same. FRANCHISEE will never take any action that is inconsistent with FRANCHISOR'S ownership of the same, nor will FRANCHISEE represent that FRANCHISEE have any right, title or interest in the same other than those expressly granted by this AGREEMENT.

15.10.2 FRANCHISEE will not, before or after termination or expiration of the AGREEMENT, register or apply to register any of SPRAY-NET CONCEPT, Operations Manual, MARKS, CONFIDENTIAL INFORMATION, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates or any trademark, name, service mark or logo confusingly similar thereto anywhere in the world.

15.11 Notice

FRANCHISEE will use all proper copyright and trademark notices when using the Copyrighted Material and MARKS, as set forth in the OPERATIONS MANUAL.

15.12 Harm Image Or Goodwill.

FRANCHISEE will safeguard and maintain the reputation and prestige of the SPRAY-NET CONCEPT, Operations Manual, MARKS, CONFIDENTIAL INFORMATION, TRADE SECRETS, URLs containing the MARKS or any portion thereof and other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates. FRANCHISEE will not do anything that would tarnish the image of or adversely affect or dilute the value, reputation or goodwill associated therewith, nor counsel, procure or assist anyone else to do the same.

15.13 Prohibited Replication.

Except as expressly authorized under this AGREEMENT, during the TERM, and at any time thereafter, FRANCHISEE will not use, copy, or imitate or cause or permit any other party to use, copy or imitate, directly or indirectly, (1) any of the SPRAY-NET CONCEPT, MARKS, CONFIDENTIAL INFORMATION, TRADE SECRETS, Operations Manual, or other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates, for any unauthorized purpose; (2) any confusingly similar method, format, procedure, technique, system, trade dress, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of FRANCHISOR or its Affiliates; or (3) any SERVICE or PRODUCTS of FRANCHISOR or its Affiliates, for any unauthorized purpose.

15.14 FRANCHISOR'S Right To Register.

FRANCHISOR may decide, in its sole and absolute discretion, to apply to register or to register, anywhere in the world, for trademark, copyright, trade name or patent protection for the SPRAY-NET CONCEPT, MARKS, CONFIDENTIAL INFORMATION, TRADE SECRETS, Operations Manual and other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates. Failure of FRANCHISOR to obtain or maintain in effect any such application or registration is not a breach of this AGREEMENT.

15.15 Change Of Trademarks.

In the event that FRANCHISOR or an AFFILIATE, in its sole discretion, determines it is necessary to modify or discontinue use of any MARKS or to develop additional or substitute marks or trade names, FRANCHISEE will, within ninety (90) days, or such earlier or longer period of time set out in the written notice from FRANCHISOR, take such action directed by FRANCHISOR, at FRANCHISEE'S sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

15.16 Improvements

FRANCHISEE will promptly disclose to FRANCHISOR any changes, improvements, enhancements, advertisements or other marketing materials, inventions, discoveries, creations, patents, copyrights, trademarks, and confidential information relating to the FRANCHISED BUSINESS which FRANCHISEE or any of FRANCHISEE'S owners, officers, employees, agents, affiliates, or contractors has made or may make solely, jointly, or commonly with others (“**IMPROVEMENTS**”). FRANCHISEE will promptly create a written record of the same. Any changes, IMPROVEMENTS, or enhancements made to the FRANCHISE or the SPRAY-NET CONCEPT, CONFIDENTIAL INFORMATION, TRADE SECRETS, OPERATIONS MANUAL and other proprietary information provided to FRANCHISEE by FRANCHISOR made by FRANCHISEE or any of FRANCHISEE'S owners, officers, employees, affiliates, agents, or contractors or as the result of suggestions or other input from FRANCHISEE or any of our owners, officers, employees, affiliates, agents, or contractors including without limitation, all copyrightable works, will become part of the SPRAY-NET CONCEPT, CONFIDENTIAL INFORMATION, TRADE SECRETS, Operations Manual and FRANCHISOR'S proprietary information owned by FRANCHISOR without any rights of ownership by FRANCHISEE. FRANCHISEE hereby assigns all proprietary rights described in this Section 15.15 to FRANCHISOR without additional consideration. FRANCHISEE will execute such additional assignments or documentation to effectuate the assignment of these rights or as FRANCHISOR deems necessary to enable it, at its expense, to apply for, prosecute, and obtain copyrights, trademarks, patents, or other proprietary rights in the United States and in other countries. FRANCHISEE hereby irrevocably appoints FRANCHISOR as FRANCHISEE'S attorney-in-fact for the purpose of executing such documents. FRANCHISOR will have the right to make IMPROVEMENTS available for use by all FRANCHISOR franchisees. The expression “any changes, improvements, or enhancement” includes, without limitation, any methods or materials, such as ad copy, for advertising or marketing for the services and products of the FRANCHISED BUSINESS, as well as methods or materials for providing the SERVICES and PRODUCTS of the FRANCHISE, FRANCHISED BUSINESS or SPRAY-NET CONCEPT.

16 ADVERTISING; MARKETING

16.1 National Marketing Fund

FRANCHISEE understands and acknowledges that the NATIONAL MARKETING FUND CONTRIBUTION and NATIONAL MARKETING FUND is intended to maximize general public recognition and patronage of the SPRAY-NET CONCEPT and the PRODUCTS and SERVICES offered by the FRANCHISES, for the benefit of all FRANCHISOR'S licensees and franchisees. FRANCHISOR does not guarantee that advertising expenditures from the NATIONAL MARKETING FUND will benefit

FRANCHISEE or any other franchisee or licensee directly or on a pro-rata basis. FRANCHISOR undertakes no obligation to ensure that the NATIONAL MARKETING FUND expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees or licensees operating in that geographic area.

16.2 Regional Advertising Fund

FRANCHISEE understands and acknowledges that the REGIONAL ADVERTISING FUND CONTRIBUTION and REGIONAL ADVERTISING FUND is intended to maximize general public recognition and patronage of the SPRAY-NET CONCEPT and the PRODUCTS and SERVICES offered by the FRANCHISES in a designated region, for the benefit of all FRANCHISOR'S licensees and franchisees operating in that region. FRANCHISOR does not guarantee that advertising expenditures from the REGIONAL ADVERTISING FUND will benefit FRANCHISEE or any other franchisee or licensee directly or on a pro-rata basis. FRANCHISOR undertakes no obligation to ensure that the REGIONAL ADVERTISING FUND expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees or licensees operating in that geographic area.

16.3 Use of National Marketing Fund and Regional Advertising Fund

The NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND may be used for efforts that FRANCHISOR believes, in its sole judgment, will help the marketing efforts of the SPRAY-NET CONCEPT, including, but not limited to, production and placement of media advertising, media relations, salaries and administrative costs and creating and testing direct response literature, social media, website development and management, direct mailings, brochures, collateral material, advertising, surveys or other public relations expenditures, including agency costs (including agency costs assessed by FRANCHISOR'S Affiliates or other designee for managing the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND and providing advertising and marketing agency services), administrative and other costs to FRANCHISOR'S Affiliates for managing the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND, and commissions and for other similar expenses. In any fiscal year, an amount greater or less than the aggregate contribution of all franchisees and licensees to the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND in that year may be spent. The NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND may borrow from FRANCHISOR or other lenders to cover deficits or invest any surplus for future use. Any amounts that remain in the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND at the end of each year accrue and may be applied toward the next year's expenses.

16.4 Administration Of The National Marketing Fund And Regional Advertising Fund

The NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND will be administered by FRANCHISOR or, at FRANCHISOR'S determination, its Affiliate(s) or other designee. Upon FRANCHISEE'S written request, FRANCHISOR will send FRANCHISEE an annual unaudited financial statement for the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND that indicates how the funds in the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND have been spent during the previous year. FRANCHISOR does not audit the NATIONAL MARKETING FUND or REGIONAL ADVERTISING FUND, so audited financial statements are not available.

16.5 Overhead

FRANCHISOR (or its Affiliates or designee managing the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND) may use reasonable amounts from the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND to pay for FRANCHISOR'S and its Affiliates' or designee's administrative and overhead costs, expenses and salaries related to the administration and operation of the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND and its

programs, including but not limited to, conducting market research, social media, website development and management, preparing material and other programs as well as administration, collecting and accounting for NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND contributions.

16.6 Liability

FRANCHISOR assumes no direct or indirect liability or obligation to FRANCHISEE for collecting amounts due to any advertising account. FRANCHISOR will not be liable for any act or omission with respect to the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND, including but not limited to, maintaining, directing or administering the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND or any other advertising account. No action taken by FRANCHISOR shall diminish FRANCHISEE'S obligation to pay the NATIONAL MARKETING FUND CONTRIBUTION and REGIONAL ADVERTISING FUND CONTRIBUTION. FRANCHISEE and FRANCHISOR agree that their rights and obligations with respect to the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND and all related matters are governed solely by this AGREEMENT and neither this AGREEMENT nor the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND creates a trust, fiduciary relationship, or similar arrangement.

16.7 Termination of National Marketing Fund and Regional Advertising Fund

The NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND may be terminated at any time by FRANCHISOR in its sole discretion. In the event that the NATIONAL MARKETING FUND and REGIONAL ADVERTISING FUND are terminated, any remaining balance in the NATIONAL MARKETING FUND and/or REGIONAL ADVERTISING FUND will be expended as provided for in Section 16.3 or returned to FRANCHISEE on a pro-rata basis, in FRANCHISOR'S sole determination.

16.8 Listings; Domain Names and Websites

- 16.8.1 FRANCHISEE agrees to list its FRANCHISED BUSINESS under the name "SPRAY-NET" or such other name FRANCHISOR designates in both the online yellow pages and white pages of the principal, regular business telephone directory distributed within the largest market within FRANCHISEE'S EXCLUSIVE TERRITORY. FRANCHISEE will list the FRANCHISED BUSINESS in such directory categories as are specified by FRANCHISOR and will use FRANCHISOR'S standard forms of listing, if any. Such classified directory listings may, at the option of FRANCHISOR, be arranged for and placed by FRANCHISOR and may list other franchisees and licensees of FRANCHISOR to use the MARKS, who are operating within the distribution area of such directories. In such a case, the cost of such advertisements will be reasonably apportioned among and paid by all franchisees and other licensees of FRANCHISOR listed therein.
- 16.8.2 FRANCHISEE is prohibited from using or registering any URL, e-mail address or website address that includes the SPRAY-NET CONCEPT, MARKS or any portion thereof (including but not limited to "SPRAY-NET") without FRANCHISOR 's prior approval. If FRANCHISOR grants such approval, FRANCHISOR reserves the right to register the requested URL, e-mail address or website address and license the same to FRANCHISEE for FRANCHISEE'S use during the INITIAL TERM and ANY INTERIM PERIOD, as the case may be. FRANCHISEE will pay FRANCHISOR for the cost to acquire the URL, e-mail address or website address and any renewals thereof. FRANCHISOR owns all right, title and interest in and to any URL, e-mail address or website address that includes the SPRAY-NET CONCEPT, the MARKS or any portion thereof, used by FRANCHISEE.
- 16.8.3 FRANCHISEE is prohibited from using any SPRAY-NET CONCEPT or MARKS in any other website unless pre-approved by FRANCHISOR in its sole determination. All such

websites must at all times comply with FRANCHISOR'S specific corporate brand identity guidelines, as set forth in the OPERATIONS MANUAL.

16.8.4 FRANCHISEE will execute the Conditional Assignment Of Telephone And Directory Listings, Etc. attached hereto as **Schedule "G"**, upon executing this AGREEMENT.

16.9 Other Advertising and Public Relations

FRANCHISEE may only market prospective customers or advertise the FRANCHISED BUSINESS using marketing and advertising materials and methods approved by FRANCHISOR in the OPERATIONS MANUAL or otherwise in writing. FRANCHISEE must submit all marketing and advertising materials to FRANCHISOR for its approval and may not use any marketing and advertising materials without FRANCHISOR'S written approval. FRANCHISOR will approve or disapprove of marketing and advertising within ten (10) business days of the date FRANCHISOR receives it. If FRANCHISOR does not respond during the ten (10) business days, the marketing and advertising are deemed disapproved. If FRANCHISOR approves the marketing and advertising materials prepared by FRANCHISEE, FRANCHISOR may use such marketing and advertising materials and make them available to other franchisees, licensees or FRANCHISOR'S Affiliates.

17 **SALE, ASSIGNMENT AND TRANSFER**

17.1 Transfer by the FRANCHISEE

17.1.1 The parties acknowledge that the rights granted to the FRANCHISEE and the obligations the FRANCHISEE has agreed to undertake under this AGREEMENT are personal to it and that the FRANCHISOR has granted it such rights based on the character, reputation and the business, legal and financial skills of the FRANCHISEE, and namely its shareholder(s) as well as those of the DESIGNATED PERSON. Accordingly, FRANCHISEE may not Transfer the FRANCHISED BUSINESS, any Franchise Agreement or any direct or indirect ownership interest in the FRANCHISED BUSINESS, FRANCHISEE, in any of FRANCHISEE'S assets used in connection with the FRANCHISED BUSINESS or any right to provide the SERVICES without FRANCHISOR'S prior written consent, which may be granted in FRANCHISOR'S sole discretion.

17.1.2 Any Transfer without such approval shall constitute a breach of this AGREEMENT, shall be void and convey no rights to or interest in this AGREEMENT, the FRANCHISED BUSINESS, or any direct or indirect ownership interest in the FRANCHISED BUSINESS, FRANCHISEE or in FRANCHISEE'S assets.

17.1.3 For purposes of this AGREEMENT, a "TRANSFER" shall mean and include any voluntary or involuntary, direct or indirect, assignment, sale, gift conveyance, transfer, or other disposition of an interest, including without limitation: (1) of any capital stock, partnership interest, membership interest or other ownership interest of FRANCHISEE; (2) merger or consolidation of FRANCHISEE; (3) in bankruptcy or otherwise by operation of law or by court order; (4) any change of control or management of the FRANCHISED BUSINESS; or (5) any change of control or management of any assets used in the FRANCHISED BUSINESS.

17.1.4 The restrictions and prohibitions set forth in this Section 17.1 shall apply, *mutatis mutandis*, to every shareholder of the FRANCHISEE and to their respective shareholders, if any.

17.2 Conditions of Transfer

If the FRANCHISEE wishes to complete a TRANSFER, it shall first obtain a *bona fide* written offer to purchase from the proposed purchaser of the said TRANSFER conditional to the satisfaction of the TRANSFER conditions set forth in this Section 17.2. The FRANCHISEE shall, within five (5) days of receipt of its acceptance of the said offer, submit a TRANSFER request application in writing to the FRANCHISOR for approval, which shall contain the following information:

- 17.2.1 information concerning the proposed purchaser, including name and address, and all relevant information concerning reputation, financial wherewithal, experience and business qualifications;
- 17.2.2 designation of the proposed designated person of the proposed purchaser together with the individual's consent to credit and background verifications;
- 17.2.3 information regarding financial resources and the assets and liabilities of the proposed purchaser and/or the proposed designated person;
- 17.2.4 any other information that might be relevant or important in the FRANCHISOR'S reasonable opinion concerning the proposed purchaser and/or the proposed designated person; and
- 17.2.5 the TRANSFER FEE set forth in Section 17.4.1.

In the event that the proposed purchaser is a corporation, for the purposes of this Article 17, the term “**proposed purchaser**” shall also include the DESIGNATED PERSON, shareholder(s), officer(s), director(s) and other person(s) possessing an interest, direct or indirect, of any kind whatsoever, in the proposed purchaser.

17.3 Conditions of Consent to Transfer

The FRANCHISOR shall determine whether to consent to the TRANSFER request application and will notify the FRANCHISEE within sixty (60) days from the date of receipt of such request application duly made in accordance with Section 17.2. Without limiting the generality of the foregoing, the FRANCHISOR may refuse or delay its approval to any TRANSFER if:

- 17.3.1 the proposed purchaser does not meet all the criteria for the approval of new franchisees of the SPRAY-NET CONCEPT then in force and/or does not have, in the opinion of the FRANCHISOR, the character, reputation, financial wherewithal, credit rating, skills and/or qualifications (business or otherwise) to operate the FRANCHISED BUSINESS to the satisfaction of the FRANCHISOR; or
- 17.3.2 the proposed purchaser does not have sufficient resources and/or financial ability to pay the agreed purchase price as described in the offer to purchase as well as maintain adequate liquidity for working capital purposes to operate the FRANCHISED BUSINESS; or
- 17.3.3 the closing of the proposed TRANSFER is not consummated within thirty (30) days of receipt by the FRANCHISEE of the FRANCHISOR'S consent to the TRANSFER request application; or
- 17.3.4 the TRANSFER is not made in accordance with the terms set forth in the TRANSFER request application submitted to the FRANCHISOR pursuant to Section 17.2 and with any condition imposed by the FRANCHISOR under any written consent issued to the FRANCHISEE in connection with such TRANSFER request application; or

- 17.3.5 all obligations of the FRANCHISEE in favour of the FRANCHISOR, due or to become due, have not been completely satisfied by the date of closing of the proposed TRANSFER; or
- 17.3.6 the FRANCHISEE, the DESIGNATED PERSON and all the agents, officers, directors and shareholders of the FRANCHISEE have not signed and remitted to the FRANCHISOR, at the closing date of the TRANSFER, a general release releasing the FRANCHISOR and its representatives, directors, officers, shareholders, employees and agents from any obligation, right or claim up until the date of closing of the TRANSFER, this release being in the form prescribed by the FRANCHISOR; or
- 17.3.7 the proposed purchaser has not signed and remitted to the FRANCHISOR prior to closing of the TRANSFER (with effect as of closing of the TRANSFER), all agreements, undertakings, documents and instruments then required by the FRANCHISOR, including a franchise agreement in the form then used by the FRANCHISOR for its new franchisees, guarantees and undertakings of confidentiality, non-competition and non-solicitation; or
- 17.3.8 all obligations, including all amounts owed by FRANCHISEE and FRANCHISEE'S owner(s) to FRANCHISOR or its Affiliates are not assumed by the purchaser or paid prior to the transfer; or
- 17.3.9 if the purchaser is introduced to FRANCHISEE via a franchise broker, all applicable referral fees charged by any broker or other referral source are not paid by FRANCHISEE.

The FRANCHISOR shall have the right to impose all additional reasonable conditions to any consent required with respect to any proposed TRANSFER by the FRANCHISEE and/or by any other person.

17.4 Transfer Fees

The following TRANSFER FEES will be payable by the FRANCHISEE to the FRANCHISOR in respect of any TRANSFER:

- 17.4.1 the amount of seven thousand five hundred dollars (\$7,500), this amount being payable by certified check or bank draft made payable to the FRANCHISOR when submitting the TRANSFER request application which shall be applied to cover the costs incurred by the FRANCHISOR to review and investigate the said TRANSFER. This amount shall be refundable only if the FRANCHISOR refuses to approve the TRANSFER request application made by the FRANCHISEE and shall not be refundable for any other reason; and
- 17.4.2 the amount of seven thousand five hundred dollars (\$7,500), this amount being payable by certified check or bank draft made payable to the FRANCHISOR following the FRANCHISOR'S written consent to the proposed TRANSFER and issuance of an invoice to the proposed purchaser, which shall be applied to cover the cost of the initial training program for the proposed purchaser.

17.5 Transfer by the FRANCHISOR

This AGREEMENT benefits the FRANCHISOR and its successors, amalgamating entities and assigns. The FRANCHISOR has the right to assign, transfer, encumber, dispose and hypothecate, in whole or in part, the MARKS, the SPRAY-NET CONCEPT or its rights under the present AGREEMENT. In the case of an assignment of the rights of the FRANCHISOR under this AGREEMENT, the FRANCHISOR shall forthwith cease to be liable for any obligation under these presents under the condition that the transferee agrees in writing to assume, as of the date of the transfer, all of the obligations of the FRANCHISOR and that the FRANCHISEE receives a statement from the FRANCHISOR and the assignee to that effect. Upon

consummation of the assignment, FRANCHISEE hereby releases and holds harmless FRANCHISOR from any and all future liability under any of the terms, conditions and covenants, express or implied, contained in this AGREEMENT which shall have been assigned. FRANCHISEE agrees to look solely to the assignee for performance of FRANCHISOR'S obligations hereunder.

17.6 Assignment To A Legal Entity.

This AGREEMENT and the assets and liabilities of the FRANCHISED BUSINESS may be assigned by FRANCHISEE to a corporation, limited liability company, or other legal entity provided that (1) FRANCHISEE own and control not less than 51% of the equity and voting power of all issued and outstanding ownership interests; (2) the corporation, limited liability company or other legal entity does not conduct other business other than the operation of the FRANCHISED BUSINESS; and (3) FRANCHISEE'S DESIGNATED PERSON continues as the DESIGNATED PERSON of the FRANCHISED BUSINESS. The Articles of Incorporation, Bylaws, and other organizational documents of such entity will recite that the issuance and assignment of any interest therein is restricted by the terms of this AGREEMENT, and all issued and outstanding equity ownership certificates of such entity will bear a legend reflecting or referring to the restrictions herein. FRANCHISEE will furnish to FRANCHISOR, at any time and from time to time upon request in such form as FRANCHISOR may require, a list of all owners of equity in such entity reflecting their respective ownership interests.

17.7 Franchisee Death Or Disability.

- 17.7.1 Upon the death, permanent disability, insanity or appointment of a conservator or guardian of FRANCHISEE, FRANCHISEE'S owner(s) or FRANCHISEE'S DESIGNATED PERSON either FRANCHISEE, FRANCHISEE'S owner(s), the DESIGNATED PERSON or the estate, executor, administrator, conservator, or other personal representative, as the case may be, will, within 180 days and subject to the conditions set out in Section 17.3, assign such person's interest in the FRANCHISED BUSINESS to a third party approved by FRANCHISOR.
- 17.7.2 If the heirs or beneficiaries of any such person are unable to meet the conditions of Section 17.3, FRANCHISEE, FRANCHISEE'S owner's, the DESIGNATED PERSON or such estate, executor, administrator, conservator or other personal representative will have a reasonable time, not to exceed 180 days, from the date of such death, permanent disability, insanity, or appointment of a conservator or guardian, to dispose of FRANCHISEE, FRANCHISEE'S owner's or the DESIGNATED PERSON'S interest, subject to the conditions set out in Section 17.3.
- 17.7.3 Failure to so dispose of FRANCHISEE, FRANCHISEE owner's or the DESIGNATED PERSON'S interest within one hundred eighty (180) days will constitute a breach of this AGREEMENT.
- 17.7.4 If within fifteen (15) days after the date of FRANCHISEE, FRANCHISEE'S owner's or the DESIGNATED PERSON'S death, permanent disability, insanity, or appointment of a conservator or guardian, FRANCHISEE, FRANCHISEE'S owner's, the DESIGNATED PERSON or the estate, executor, administrator, conservator, or other personal representative will appoint an interim manager, who has been pre-approved by FRANCHISOR, to operate the FRANCHISED BUSINESS until the rights to own the FRANCHISED BUSINESS have been assigned within the one hundred eighty (180) day period referenced in this Section 17.7.
- 17.7.5 If FRANCHISEE, FRANCHISEE'S owner's, the DESIGNATED PERSON or the estate, executor, administrator, conservator, or other personal representative fails to appoint an

interim manager within fifteen (15) days, FRANCHISOR may appoint one as set forth in Section 17.7.

17.7.6 In order to prevent any interruption of the FRANCHISED BUSINESS which would cause harm to the FRANCHISED BUSINESS, if FRANCHISEE and/or the DESIGNATED PERSON are unable or fail to operate the FRANCHISED BUSINESS for a period of forty-five (45) days or longer for any reason whatsoever (except as provided in Section 17.7.1, in which case the period is fifteen (15) days) FRANCHISEE authorizes FRANCHISOR to appoint an interim manager to operate the FRANCHISED BUSINESS for so long as FRANCHISOR deems necessary and practical. In the event that FRANCHISOR appoints an interim manager, during the interim period, all revenue from the operation of the FRANCHISED BUSINESS will be kept in a separate account and the expenses of the FRANCHISED BUSINESS, including reasonable compensation and expenses of FRANCHISOR and its agents will be charged to the account. Nothing contained herein will be construed to require FRANCHISOR to operate the FRANCHISED BUSINESS in the case of FRANCHISEE'S inability to operate same, and the rights set forth herein may be exercised in the sole and absolute discretion of FRANCHISOR.

17.8 Franchisor's Right Of First Refusal.

17.8.1 If FRANCHISEE obtains a bona fide, arm's length, executed and written offer from a responsible and fully disclosed purchaser to Transfer an interest in the FRANCHISED BUSINESS, the material assets of the FRANCHISED BUSINESS or an ownership interest in FRANCHISEE, (if FRANCHISEE is a legal entity), FRANCHISEE will submit an exact copy of such offer to FRANCHISOR by sending the information via certified mail, separately, to the Chief Executive Officer and the legal department of FRANCHISOR.

17.8.2 FRANCHISOR will have the right, exercisable by written notice delivered to FRANCHISEE, the DESIGNATED PERSON or FRANCHISEE'S owner(s) within thirty (30) days from the date of delivery of an exact copy of such offer to FRANCHISOR, to purchase such interest that is the subject of the written offer described in Section 17.8.1 for the price and on the terms and conditions contained in such offer. But, FRANCHISOR may substitute cash for any form of payment proposed in such offer and will have not less than thirty (30) days to prepare for closing. FRANCHISEE are responsible for paying all of the debts of the FRANCHISED BUSINESS; however, FRANCHISOR may, at closing, pay any of FRANCHISEE trade creditors out of the purchase price, and set off against the purchase price any of FRANCHISEE unpaid debts to FRANCHISOR.

17.8.3 If FRANCHISOR does not exercise its right of first refusal, FRANCHISEE, the DESIGNATED PERSON or FRANCHISEE'S owner(s) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to FRANCHISOR'S approval of the Transfer as provided in Section 17.3 and this Section 17.8.

17.8.4 If the sale to such purchaser that is the subject of the offer described in Section 17.8.1 is not completed within one hundred twenty (120) days after delivery of such offer to FRANCHISOR, or if there is a material change in the terms of the sale, FRANCHISOR will again have the right of first refusal herein provided.

17.9 No Waiver.

FRANCHISOR'S consent to a Transfer as provided in this Section 17 will not constitute a waiver of any claims it may have against FRANCHISEE, FRANCHISEE owners or DESIGNATED PERSON nor shall it

be deemed a waiver of FRANCHISOR'S right to demand exact compliance with any of the terms or conditions of this AGREEMENT.

18 CONFIDENTIAL INFORMATION; TRADE SECRETS; NON-COMPETITION AND NON-SOLICITATION

18.1 CONFIDENTIAL INFORMATION And TRADE SECRETS

For the purposes of this AGREEMENT, the expression "CONFIDENTIAL INFORMATION" and "TRADE SECRETS" shall mean all information produced by or for the FRANCHISOR, in whatever form, (whether in print, electronic form or oral) which, for the purposes of its activities, does not circulate freely in the business of the FRANCHISOR and which the disclosure to a third party or to the public may cause irreparable harm to the FRANCHISOR; it includes, without limitation, sources of supply, conditions of sale of suppliers, commercial secrets, the composition of products, the OPERATIONS MANUAL, the products and equipment used in the operation of the FRANCHISED BUSINESS, the production, marketing techniques and methods related to the PRODUCTS and SERVICES, price lists, norms and procedures, client lists, the business of the FRANCHISEE and the FRANCHISOR as well as the details concerning the particular needs of clients, internal reports, terms of this AGREEMENT, FRANCHISOR'S Affiliates proprietary information market studies, annual and periodical financial statements and other information and documents of the same nature.

18.2 Ownership of CONFIDENTIAL INFORMATION and TRADE SECRETS

The FRANCHISEE acknowledges that the CONFIDENTIAL INFORMATION and TRADE SECRETS that FRANCHISEE has received until this day, the present AGREEMENT and the OPERATIONS MANUAL, and which FRANCHISEE may receive in the future relating directly and indirectly to this AGREEMENT of a confidential nature and are the unique and exclusive property of the FRANCHISOR and/or its Affiliates. FRANCHISEE further acknowledge that FRANCHISOR and/or its Affiliates have expended a great amount of effort and money in obtaining and developing the CONFIDENTIAL INFORMATION and TRADE SECRETS, that FRANCHISOR and/or its Affiliates have taken numerous precautions to guard the secrecy of the CONFIDENTIAL INFORMATION and TRADE SECRETS and that it would be very costly for competitors to acquire or duplicate the CONFIDENTIAL INFORMATION and TRADE SECRETS.

18.3 Wrongful Use.

FRANCHISEE acknowledges that any unauthorized disclosure or use of the CONFIDENTIAL INFORMATION and TRADE SECRETS would be wrongful and would cause irreparable injury and harm to FRANCHISOR and/or its Affiliates. Therefore FRANCHISEE, the DESIGNATED PERSON and those individuals identified in Section 18.8 will not at any time, directly or indirectly, communicate, publish, disclose, divulge, copy, imitate or cause or permit any other party to communicate, publish, disclose, divulge, copy or imitate in any manner the CONFIDENTIAL INFORMATION and TRADE SECRETS to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation, association, partnership or other entity other than FRANCHISOR or its Affiliates or in the operation of the FRANCHISED BUSINESS as permitted by this AGREEMENT or the Operations Manual.

18.4 Required Action

FRANCHISEE and the DESIGNATED PERSON will adopt and implement all reasonable procedures prescribed by FRANCHISOR from time to time to prevent unauthorized use or disclosure of the CONFIDENTIAL INFORMATION and TRADE SECRETS.

18.5 Non-Competition

- 18.5.1 The FRANCHISEE agrees and covenants not to (and shall cause the persons identified in Section 18.8 not to), directly or indirectly, either for itself or on behalf or in conjunction with any other person, partnership, association or corporation, possess, maintain, during the Initial Term, Interim Period and any Successor Term, engage in, lend money, lend its name, endorse any debt or obligation, provide aid or assistance, be employed, represent, participate or have an interest, of any nature whatsoever, in any enterprise (i) in which all or a substantial portion of its activities consist in the operating and/or the franchising of RESIDENTIAL ACTIVITIES or (ii) manufactures, distributes and/or sells paint products to be used primarily in connection with the painting of exterior covering of doors, windows and sidings (collectively, “**COMPETITIVE ACTIVITY**”).
- 18.5.2 FRANCHISEE acknowledge that FRANCHISOR will be unable to protect the SPRAY-NET CONCEPT, CONFIDENTIAL INFORMATION, TRADE SECRETS, Operations Manual, FRANCHISOR’S proprietary materials and other confidential and proprietary elements of the SPRAY-NET CONCEPT and achieve an exchange of ideas with FRANCHISEE if FRANCHISEE or those persons referenced in Section 18.8 were permitted to hold competitive interests or engage in COMPETITIVE ACTIVITIES. Therefore, FRANCHISEE and those persons identified in Section 18.8 agree not to engage, directly or indirectly, in any COMPETITIVE ACTIVITY, anywhere. FRANCHISEE acknowledges that a violation of this Section 18.8 would constitute an unfair method of competition and would hinder FRANCHISEE’S ability to devote sufficient time to the FRANCHISED BUSINESS.
- 18.5.3 For a period of two (2) years following the later of (1) the termination, transfer, assignment or expiration of this AGREEMENT; (2) the last date that FRANCHISEE or any person identified in Section 18.8, provided the SERVICES or sold the PRODUCTS; or (3) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, FRANCHISEE and those persons identified in Section 18.8 shall not engage in any COMPETITIVE ACTIVITY within: (a) the EXCLUSIVE TERRITORY; (b) within fifty (50) miles of the outer boundaries of the EXCLUSIVE TERRITORY; (c) within another franchisee owner, FRANCHISOR owned or Affiliate owned territory; and/or (d) fifty (50) miles of the outer boundaries of another franchisee owned, FRANCHISOR owned or Affiliate owed territory.

18.6 Non-Solicitation and Non-Disparagement

During the INITIAL TERM, and for a period of one (1) year after any termination of this AGREEMENT, the FRANCHISEE undertakes not to (and will cause each of the DESIGNATED PERSON and those persons identified in Section 18.8) not to:

- 18.6.1 divert or attempt to divert any business or any existing or potential customer of the FRANCHISED BUSINESS to any competitor by direct or indirect offer or otherwise;
- 18.6.2 employ or seek to employ any person who, at this time or at any time during the previous two (2) years is or was employed by the FRANCHISOR or one of its franchisees, or otherwise encourage, directly or indirectly, such person to leave his employment;
- 18.6.3 use for any purpose other than for the sole purpose of operating the FRANCHISED BUSINESS or divulge or communicate to any person other than the FRANCHISOR, for any reason whatsoever, unless required by a specific provision at law or by court order, any CONFIDENTIAL INFORMATION; or

18.6.4 engage in any conduct (or assist others in engaging in any conduct) that involves the making or publishing of written or oral statements or remarks which are disparaging or damaging to the integrity, reputation or goodwill of the FRANCHISOR, any of its affiliates, any of its directors, officers or employees, the FRANCHISED BUSINESS or the SPRAY-NET CONCEPT.

18.7 Acknowledgments; Reasonableness

18.7.1 The FRANCHISEE agrees and confirms that the obligations, covenants and restrictions set out in this Article 18 are fair, reasonable and necessary to protect the legitimate interests of the FRANCHISOR. The FRANCHISEE acknowledges that any violation, contravention or breach of any obligation, covenant and restriction set out in this Article 18 will cause irreparable damage to the FRANCHISOR, the exact amount of which will be impossible to ascertain.

18.7.2 THE FRANCHISEE and DESIGNATED PERSON acknowledge the following:

18.7.2.1 That FRANCHISEE and the FRANCHISED BUSINESS will, during the franchise relationship, become identified with the goodwill associated with FRANCHISOR'S MARKS;

18.7.2.2 That FRANCHISEE *and* those individuals subject to this covenant as set out in Section 18.8 will be able to earn a livelihood without violating the foregoing restrictions;

18.7.3 That FRANCHISEE and those individuals subject to this covenant as set out in Section 18.8 entire knowledge of the operation of the FRANCHISED BUSINESS SPRAY-NET CONCEPTS and the methods of promotion franchised hereunder that FRANCHISEE now or will obtain is derived from FRANCHISOR'S and/or its Affiliate's CONFIDENTIAL INFORMATION and TRADE SECRETS; and

18.7.4 Communication among FRANCHISEE, the DESIGNATED PERSON, FRANCHISOR, its Affiliates and FRANCHISOR'S other franchisees and licensees will be chilled if it is perceived that FRANCHISEE, the DESIGNATED PERSON or those persons defined in Section 18.8 are violating this Section 18.

18.8 Parties to Whom Restrictions Apply

The restrictions set forth in this Section 18 will apply to (1) FRANCHISEE and the DESIGNATED PERSON; (2) if FRANCHISEE is a corporation, partnership, limited liability company or other form of entity, each manager, officer, member, director, partner, shareholder, non-managing party, owner and any of the foregoing immediate family members who have access to the CONFIDENTIAL INFORMATION and/or TRADE SECRETS; (3) if FRANCHISEE is an individual, immediate family members who have access to the CONFIDENTIAL INFORMATION and/or TRADE SECRETS; (4) employees, key employees, agents or contractors who have access to the CONFIDENTIAL INFORMATION and/or TRADE SECRETS; and (5) FRANCHISEE'S Guarantors who sign the Guaranty and Assumption of Franchisee's Obligations attached as Schedule "F". FRANCHISOR, at its option, may require the persons described in this Section 18.8 to sign a Non-Disclosure, Non-Solicitation And Non-Competition Agreement, in a form set forth in Schedule "E" attached to this AGREEMENT.

18.9 Injunctive Relief

FRANCHISOR and its Affiliates must be protected against the potential for unfair competition by FRANCHISEE and those individuals subject to this covenant as set out in Section 18.8 use of

FRANCHISOR'S and/or its Affiliates training, assistance, CONFIDENTIAL INFORMATION and TRADE SECRETS in direct competition with FRANCHISOR and/or its Affiliates. FRANCHISEE further acknowledges that FRANCHISOR would not have entered into this AGREEMENT or shared the CONFIDENTIAL INFORMATION, TRADE SECRETS and other proprietary information with FRANCHISEE or DESIGNATED PERSON absent FRANCHISEE and those individuals subject to this covenant as set out in Section 18.8 to strictly comply with the provisions of this Section 18. FRANCHISEE acknowledges that as a franchisee of FRANCHISOR, FRANCHISEE and those individuals subject to this covenant as set out in Section 18.8 will have access to FRANCHISOR'S and/or its Affiliates' CONFIDENTIAL INFORMATION and TRADE SECRETS and therefore will be in a unique position to use the special knowledge gained as a franchisee. FRANCHISEE acknowledges that a breach of the covenants contained in this Section 18 will be deemed to threaten immediate and substantial irreparable injury to FRANCHISOR and its Affiliates, which cannot be compensated for in monetary damages. Accordingly, FRANCHISEE agree that FRANCHISOR and its Affiliates will have the right, without prior notice to FRANCHISEE, to obtain immediate injunctive relief without limiting any other rights or remedies it may have and without posting a bond.

18.10 Severability

FRANCHISOR has attempted to limit the right to compete only to the extent necessary to protect FRANCHISOR'S legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant in this AGREEMENT is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, FRANCHISOR reserves the right to reduce the scope of said provision without FRANCHISEE'S consent, at any time or times, effective immediately upon notice to FRANCHISEE. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect FRANCHISOR, its Affiliates, and their successors and assigns and may be enforced by any of them.

18.11 Independent Obligation

The obligations set out in this Section 18 are independent of any obligation of FRANCHISOR under this AGREEMENT.

19 **DEFAULT; SUSPENSION AND TERMINATION**

19.1 Remedies.

If FRANCHISEE meets the conditions set out in Sections 19.2 or 19.3, or is in default of any provision of this AGREEMENT (“**DEFAULT(S)**”), FRANCHISOR has the right, at its sole option, without prejudice to any other rights or remedies it may have, to (1) suspend performance of certain or all of its services to FRANCHISEE during the time period FRANCHISEE is in Default of this AGREEMENT; (2) suspend FRANCHISEE'S, right to use the SPRAY-NET CONCEPT; (3) suspend FRANCHISEE'S right to perform the SERVICES and sell the PRODUCTS; (4) terminate this AGREEMENT and all rights granted to FRANCHISEE hereunder (subject to the provisions of applicable law governing franchise termination and renewal); (5) charge a fee for late or non-submittals of reports, and/or (6) exercise any rights it may have under this AGREEMENT, at law or in equity.

19.2 Default With No Opportunity to Cure

Notwithstanding anything contained herein to the contrary if, as applicable law permits, any of the following conditions are met FRANCHISOR will be permitted to exercise its remedies described in Section 19.1 (without prejudice to any other rights or remedies provided for in this AGREEMENT or at law or in equity) immediately upon delivery of notice to FRANCHISE:

- 19.2.1 if the FRANCHISEE, DESIGNATED PERSON or any guarantor is convicted of a felony or any other criminal misconduct that adversely affects the operation, maintenance, reputation, or goodwill of the FRANCHISED BUSINESS, SPRAY-NET CONCEPT, FRANCHISOR, its Affiliates, or another franchisee;
- 19.2.2 if the FRANCHISEE, DESIGNATED PERSON or any guarantor engages in fraudulent activity that, in the sole opinion of FRANCHISOR, adversely affects the operation, maintenance, reputation, or goodwill of the FRANCHISED BUSINESS, the SPRAY-NET CONCEPT, FRANCHISOR, its Affiliates or other franchisees or licensees;
- 19.2.3 if the FRANCHISEE shall submit any materially false or inaccurate information to the FRANCHISOR or any false or inaccurate information with the purpose of misleading the FRANCHISOR, if any report submitted by the FRANCHISEE to the FRANCHISOR is materially inaccurate or false or inaccurate or false with the purpose of misleading the FRANCHISOR or if the FRANCHISEE does any act or provides any information which is misleading, false or inaccurate with the purpose of inducing the FRANCHISOR to enter into the present AGREEMENT;
- 19.2.4 if the FRANCHISEE abandons the FRANCHISED BUSINESS or fails to actively operate the FRANCHISED BUSINESS. Abandonment shall be determined by FRANCHISOR and may include, without limitation, (1) failure to operate the FRANCHISED BUSINESS at the times required by FRANCHISOR; (2) activity by FRANCHISEE that indicates an intent to discontinue operation of the FRANCHISED BUSINESS; or (3) failing to respond to FRANCHISOR'S efforts to communicate with FRANCHISEE;
- 19.2.5 if the FRANCHISEE or any guarantor of the FRANCHISEE fails to pay when due any sum due to the FRANCHISOR, FRANCHISOR'S Affiliates or suppliers and such default continues for a period exceeding five (5) days after such sums are due and payable;
- 19.2.6 if the FRANCHISEE fails to pay any amounts due to FRANCHISOR by their specified due dates two (2) or more times within a twelve (12) month period whether or not such failures or refusals are cured after notice;
- 19.2.7 if three (3) or more failures or refusals to comply with the provisions of this AGREEMENT within a twelve (12) month period whether or not such failures or refusals are for the same matter or are cured after notice;
- 19.2.8 if the FRANCHISEE takes or threatens to take proceedings to liquidate its assets generally or ceases to make payments due in the ordinary course of business;
- 19.2.9 if FRANCHISEE, the DESIGNATED PERSON or one or more of the Guarantors are insolvent, are the subject of an insolvency proceeding or comparable proceeding, FRANCHISEE makes a general assignment for the benefit of creditors, or a receiver is appointed for FRANCHISEE;
- 19.2.10 if the FRANCHISEE or any person identified in Section 18.8 relating to confidentiality, the protection of MARKS, non-competition and/or non-solicitation commits any default of one or more of its obligations under such provisions;
- 19.2.11 if FRANCHISEE diverts, conceals or fails to report or attempts to divert, conceal or fail to report any GROSS SALES;
- 19.2.12 if FRANCHISEE or the DESIGNATED PERSON challenges or attempts to register, patent, trademark or copyright any of the SPRAY-NET CONCEPTS, Trademarks,

CONFIDENTIAL INFORMATION, TRADE SECRETS, Operations Manual or other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates;

- 19.2.13 if FRANCHISEE or the DESIGNATED PERSON misuses the SPRAY-NET CONCEPTS, Trademarks, CONFIDENTIAL INFORMATION, TRADE SECRETS, Operations Manual, or other proprietary materials provided by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates and does not remedy or cause to be remedied such misuse within ten (10) days after FRANCHISEE become aware or reasonably should have become aware of such misuse;
- 19.2.14 if FRANCHISEE or the DESIGNATED PERSON intentionally or negligently discloses to any unauthorized person the contents of or any part of the Operations Manual, SPRAY-NET CONCEPTS, CONFIDENTIAL INFORMATION, TRADE SECRETS or other proprietary information provided to FRANCHISEE by FRANCHISOR, its Affiliates or on behalf of FRANCHISOR or its Affiliates;
- 19.2.15 if FRANCHISEE violates the transfer or assignment provisions of the AGREEMENT or the FRANCHISED BUSINESS is found, at any time whatsoever, to be under the control, administration, management or supervision of persons other than the persons authorized under this AGREEMENT;
- 19.2.16 if the FRANCHISEE or DESIGNATED PERSON shall not successfully complete any material training prescribed by the FRANCHISOR in accordance with the training guidelines established by the FRANCHISOR;
- 19.2.17 if the FRANCHISEE or any person identified in Section 18.8 makes a misrepresentation or violation of Anti-Terrorism Laws;
- 19.2.18 if there is any material judgment (or several judgments which in the aggregate are material) obtained against FRANCHISEE that remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes or other appeal bond has been filed); or if execution is levied against FRANCHISEE'S FRANCHISED BUSINESS or any of the property used in the operation of the FRANCHISED BUSINESS and is not discharged within fifteen (15) days;
- 19.2.19 if FRANCHISEE creates a sub-franchise of any kind under applicable law;
- 19.2.20 if FRANCHISEE commits a Default that is by its nature incapable of being cured;
- 19.2.21 if, during any year of the TERM, the FRANCHISEE shall not attain the MINIMUM PERFORMANCE applicable to each year of the TERM and/or shall not fulfill its obligations under Section 3.5;
- 19.2.22 if, at any time during the TERM, the FRANCHISEE has its right to exercise the RESIDENTIAL ACTIVITIES revoked in accordance with this AGREEMENT or otherwise by a competent authority;
- 19.2.23 if the FRANCHISEE sells any product other than the PRODUCTS approved by the FRANCHISOR or if any PRODUCT is acquired by the FRANCHISEE from a person other than the FRANCHISOR or a supplier approved by the FRANCHISOR in accordance with the present AGREEMENT or if the FRANCHISEE renders any service other than the SERVICES approved by the FRANCHISOR;

- 19.2.24 if the FRANCHISEE impedes, in any way whatsoever, the FRANCHISOR from exercising its right to inspect the FRANCHISED BUSINESS and/or to inspect any work performed by the FRANCHISEE;
- 19.2.25 if either the FRANCHISEE, any guarantor of the FRANCHISEE or any officer, director, shareholder or employee of the FRANCHISEE acts in any way which could be prejudicial to the reputation of the FRANCHISOR or the SPRAY-NET CONCEPT and does not put an end to such behaviour within two (2) days of a written notice to that effect;
- 19.2.26 if repeated complaints are made regarding the FRANCHISED BUSINESS and if the grievances revealed by these complaints are not corrected with diligence by the FRANCHISEE after receipt of written notice from the FRANCHISOR (in the latter case, if they may be corrected);
- 19.2.27 if, at any time whatsoever, the DESIGNATED PERSON, one or more of the shareholders, officers or directors of the FRANCHISEE is not bound or ceases to be bound or gives a notice to cease to be bound by a personal guarantee in full force in favour of the FRANCHISOR;
- 19.2.28 if the FRANCHISEE commits a default of any other of its obligations stipulated herein and/or in the OPERATIONS MANUAL or of any other contractual or extra-contractual obligation towards the FRANCHISOR and does not entirely remedy the default; or
- 19.2.29 following the death of the FRANCHISEE or the DESIGNATED PERSON or upon the disability or incapacity of the FRANCHISEE or the DESIGNATED PERSON, the FRANCHISED BUSINESS is not conducted or managed in accordance with Section 17.7.

19.3 Default with Opportunity to Cure

If any of the following conditions are met, FRANCHISOR will have the right to exercise its remedies described in Section 19.1 after giving FRANCHISEE thirty (30) days prior written notice. FRANCHISEE will have an opportunity to cure the condition during the thirty (30)-day period commencing on the date of such written notice. Notwithstanding the foregoing, FRANCHISEE may receive a shorter or longer period to cure such condition if required or permitted by applicable law or otherwise stated in this AGREEMENT.

- 19.3.1 Failure to perform all of the lawful terms, conditions, and obligations contained in this AGREEMENT or the Operations Manual or any other agreement that FRANCHISEE, FRANCHISEE owners, DESIGNATED PERSON, affiliates, officers or directors have with FRANCHISOR or its Affiliates;
- 19.3.2 Failure to comply with FRANCHISEE'S obligations under any customer contract for SERVICES and/or PRODUCTS;
- 19.3.3 Loses any permit or license which is a prerequisite to the operation of the FRANCHISED BUSINESS;
- 19.3.4 Failure to provide FRANCHISOR with the reports and other financial information as required under this AGREEMENT or as set forth in the Operations Manual;
- 19.3.5 Failure to pay FRANCHISEE'S lawful debts and taxes when due, provided that FRANCHISEE will not be in Default hereunder during the period that FRANCHISEE may reasonably contest such debt or taxes;

19.3.6 Failure, refusal or neglects to obtain the FRANCHISOR'S prior written approval or consent as required by this AGREEMENT;

19.3.7 Failure or refusal to comply with the then current requirements of the Operations Manual;
or

19.3.8 Commits any other act that constitutes good cause under applicable law or court decisions.

19.4 Franchisee's Termination

A termination of this AGREEMENT by FRANCHISEE shall be deemed to be a termination without cause and a breach hereof, by FRANCHISEE. FRANCHISEE agrees that FRANCHISEE shall not, on grounds of an alleged nonperformance by the FRANCHISOR of any of its obligations or any other reason, withhold payment of any amount due to FRANCHISOR whatsoever or set off amounts owed to FRANCHISOR under this AGREEMENT against any monies owed to FRANCHISOR, which right of set off is hereby expressly waived by FRANCHISEE.

19.5 Cross Default

If FRANCHISEE, or any partnership, joint venture, limited liability company, corporation or other entity in which FRANCHISEE have a controlling equity interest, are a franchisee pursuant to another franchise agreement with FRANCHISOR, a Default under this AGREEMENT shall constitute a Default under such other franchise agreement and vice versa, with like remedies available to FRANCHISOR. Should such other franchise agreement cease to be valid, binding and in full force and effect for any reason then FRANCHISOR may, at its option terminate this AGREEMENT and likewise should this AGREEMENT cease to be valid binding and in full force and effect for any, reason, FRANCHISOR may at its option terminate the other franchise agreement. In the event that there is more than one franchisee, or if the franchisee should consist of more than one legal entity, the franchisee's liability hereunder shall be both joint and several.

20 OBLIGATIONS UPON TERMINATION, TRANSFER OR EXPIRATION.

20.1 Required Actions

Upon the termination or expiration of this AGREEMENT, FRANCHISEE will, within 15 days (or such other period specified by FRANCHISOR:

20.1.1 immediately pay to the FRANCHISOR all monies owed to it until the date of termination or expiration, it being agreed that the benefit of any payment term will immediately terminate and all such amounts will become immediately due and owing. FRANCHISEE agrees to allow FRANCHISOR to make a final inspection and audit of FRANCHISEE'S books and records during normal business hours within a two year period after the termination, expiration or transfer of FRANCHISED BUSINESS for the purpose of verifying all amounts owed to FRANCHISOR;

20.1.2 the FRANCHISEE shall continue to respect warranties provided to consumers for the work executed when it was a franchisee of the SPRAY-NET CONCEPT, and in the event the FRANCHISEE fails to respect same, the FRANCHISOR shall have the right to do it for and in the name of the FRANCHISEE and, in such a case, the FRANCHISEE agrees to indemnify the FRANCHISOR for such work, including the time and cost incurred in connection therewith;

- 20.1.3 the FRANCHISEE shall continue to comply, for the time specified herein, with all restrictive provisions of confidentiality, non-competition and non-solicitation set forth in this AGREEMENT;
- 20.1.4 the FRANCHISEE grants the FRANCHISOR the option to purchase the equipment of the FRANCHISED BUSINESS at its depreciated net value (as appears in FRANCHISEE'S last financial statements) less fifty percent (50%) to cover administration and transfer costs, it being understood that the FRANCHISOR shall have the right, but not the obligation, to exercise this right within thirty (30) days of the termination of the AGREEMENT and that the FRANCHISEE agrees to sell such equipment to the FRANCHISOR within five (5) days of receiving such notice;
- 20.1.5 the FRANCHISEE undertakes to deliver to the FRANCHISOR, at the place indicated by the FRANCHISOR, the originals and all copies of the documents, price lists, samples, OPERATIONS MANUAL, client lists, contracts with clients, client files, coordinates of clients, list of suppliers, list of distributors, list of franchisees, lists of competitors, all market studies, as well as all other non-accounting documents relating to the affairs of the FRANCHISOR, FRANCHISEE and the FRANCHISED BUSINESS and not retain any copies thereof;
- 20.1.6 the FRANCHISEE shall immediately notify all callers requesting information about FRANCHISEE'S former FRANCHISED BUSINESS, the SPRAY-NET CONCEPT, or FRANCHISOR that such inquiries should be made to another phone number as specified by FRANCHISOR;
- 20.1.7 the FRANCHISEE shall take such action as is necessary to remove all references to FRANCHISEE'S former FRANCHISED BUSINESS, the SPRAY-NET CONCEPT, CONFIDENTIAL INFORMATION, TRADE SECRETS, URLs that contain the MARKS or any portion thereof or confusingly similar thereto or other FRANCHISOR or its Affiliates proprietary information from all telephone listings, listing agencies, websites, Internet, answering services, and any other organizations where FRANCHISEE has used the above items;
- 20.1.8 the FRANCHISEE shall cancel all fictitious or assumed names or equivalent registrations relating to FRANCHISEE'S former FRANCHISED BUSINESS;
- 20.1.9 the FRANCHISEE shall execute additional documentation required by FRANCHISOR to effectuate this Section 20.1;
- 20.1.10 the FRANCHISEE shall comply with any and all other post-term obligations which expressly or by their nature survive the expiration or termination of this AGREEMENT;
- 20.1.11 the FRANCHISEE shall execute a release in a form specified by FRANCHISOR; and
- 20.1.12 the FRANCHISEE shall pay any liquidated damages owed FRANCHISOR in accordance with Section 22.

20.2 Prohibited Actions

After any termination, expiration, or transfer of this AGREEMENT, for any reason whatsoever, FRANCHISEE, FRANCHISEE'S owner(s) and the DESIGNATED PERSON agree:

- 20.2.1 to immediately and forever cease to use, in any manner whatsoever and for any purpose whatsoever, the SPRAY-NET CONCEPT, the MARKS, the phone and fax numbers of the

FRANCHISOR and of the FRANCHISED BUSINESS and any word, designation, name or mark indicating or implying that the FRANCHISEE is or was a franchisee of the FRANCHISOR, (except in resumes or applications in pursuit of employment), all TRADE SECRETS and CONFIDENTIAL INFORMATION, the OPERATIONS MANUAL and its content, slogans, signs, symbols and devices forming part of the SPRAY-NET CONCEPT or otherwise used for purposes of businesses operating according to the SPRAY-NET CONCEPT;

- 20.2.2 to immediately and forever cease to represent itself as being or having been a franchisee of the SPRAY-NET CONCEPT, including, without limitation, remove from all vehicles, trailers and equipment used in the FRANCHISED BUSINESS all MARKS and other marks, logos or other identification of the FRANCHISOR (and in connection therewith, the FRANCHISOR reserves the right to directly or through any third party retained by the FRANCHISOR, access the equipment of the FRANCHISEE to remove all MARKS from the said equipment at the FRANCHISEE'S costs);
- 20.2.3 to immediately undertake to discontinue to use, for any purpose whatsoever, any software, computer system, management system and any other system used for the purposes of the FRANCHISED BUSINESS and to immediately deliver possession thereof and/or transfer same to the FRANCHISOR and/or delete same, in each case as directed by the FRANCHISOR and without delay; and
- 20.2.4 to not at any time or in any manner, disparage or take any action detrimental or disruptive to FRANCHISOR, its Affiliates, FRANCHISOR'S, owners, officers, directors, members, or any other franchisees, licensees or the PRODUCTS or SERVICES.

20.3 No Waiver.

Termination or expiration of this AGREEMENT shall not affect, modify or discharge any claims, rights, causes of action or remedies which the FRANCHISOR may have against the FRANCHISEE or DESIGNATED PERSON whether such claims or rights arise before or after termination or expiration. The termination or expiration of the present AGREEMENT shall not release the FRANCHISEE from any payment or obligation due or payable to the FRANCHISOR, shall not put an end to, in any way whatsoever, any obligation of the FRANCHISEE to make all payments due to the FRANCHISOR or any of its affiliates up to the date of termination, nor liberate the FRANCHISEE from the obligations under this AGREEMENT that survive, according to the provisions hereof or by their nature, termination or expiration. In addition, the termination of the present AGREEMENT shall be made, in all cases, subject to the other rights and recourses which the FRANCHISOR may have against the FRANCHISEE.

21 REPRESENTATIONS; WARRANTIES AND ACKNOWLEDGEMENTS

FRANCHISEE represents, warrants and acknowledges as follows:

21.1 Disclosure Document.

FRANCHISEE has received a copy of the complete disclosure document required by the Trade Regulation Rule of the Federal Trade Commission concerning the franchise at least fourteen (14) calendar days prior to the date on which this AGREEMENT was executed. FRANCHISEE has received a fully completed copy of this AGREEMENT at least seven (7) calendar days prior to signing it.

21.2 No Violation Of Any Other Agreement Or Commitment.

The execution and performance of this AGREEMENT by FRANCHISEE does not violate or constitute a breach of the terms of any other agreement or commitment to which FRANCHISEE are a party.

21.3 Legal, Valid, And Binding Validation.

The individuals executing this AGREEMENT on FRANCHISEE'S behalf are duly authorized to do so, and, upon its execution, this AGREEMENT will constitute FRANCHISEE'S legal, valid and binding obligation.

21.4 Compliance.

FRANCHISEE, the DESIGNATED PERSON, and if FRANCHISEE is a partnership, limited liability company, corporation or other entity, each of FRANCHISEE'S partners, members, managers, shareholders, and owners, as the case may be, have fully read this AGREEMENT and all related agreements, and fully understand the terms and the import of the same, and represent that FRANCHISEE and each of them is capable of complying and will comply with this AGREEMENT.

21.5 Consultation With Advisers; Independent Investigation; Acknowledgment Of Franchisee.

FRANCHISOR has advised FRANCHISEE to consult with advisers of FRANCHISEE'S own choosing. FRANCHISEE have been given ample time to do so before signing this AGREEMENT. FRANCHISEE have conducted an independent investigation of the FRANCHISED BUSINESS contemplated by this AGREEMENT and recognize that the success of the FRANCHISED BUSINESS is speculative, involves a high degree of financial risk and depends, to a large extent, upon FRANCHISEE'S ability as an independent business person and FRANCHISEE'S skills, initiative, hard work and other factors. FRANCHISEE understands that FRANCHISEE may sustain losses as a result of the operation or the closing of FRANCHISED BUSINESS. FRANCHISEE represent and warrant that FRANCHISEE engaged FRANCHISEE'S own legal advisors who are licensed in the EXCLUSIVE TERRITORY and who specialize in franchise law to ensure that FRANCHISEE understands FRANCHISEE'S obligations under this AGREEMENT and all applicable law(s). FRANCHISEE further represent and warrant that FRANCHISEE have familiarized itself with the laws and licensing requirements which govern the operation of the FRANCHISED BUSINESS in FRANCHISEE'S EXCLUSIVE TERRITORY.

21.6 Referral Fee.

FRANCHISEE acknowledges that if FRANCHISEE purchased the FRANCHISED BUSINESS from another franchisee, and FRANCHISEE was referred through a referral source, whether it be another franchisee, facilitator or an unaffiliated third party, the referral source may be entitled to a referral fee from FRANCHISEE.

21.7 Non-Reliance On Representations.

FRANCHISOR does not make any representations or warranties, express, implied or collateral, as to the potential success of the FRANCHISED BUSINESS and no one is authorized to make any such representations or warranties. FRANCHISOR makes no representations or warranties that the required minimum insurance is adequate to protect FRANCHISEE and FRANCHISOR. FRANCHISEE acknowledges, understands and accepts that the information provided by FRANCHISOR or its Affiliates does not constitute a representation or warranty as to the success or profitability of the FRANCHISED BUSINESS. FRANCHISEE is not relying upon any representations by FRANCHISOR or its officers, directors, shareholders, employees, agents, contractors, or servants about the business contemplated by this AGREEMENT that are contrary to the provisions of this AGREEMENT or any ancillary documents. FRANCHISOR does not furnish or authorize any parties to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of the FRANCHISED BUSINESS outside the franchise disclosure document and FRANCHISEE has not received or relied upon any warranty, representation or guarantee, expressed, collateral or implied, as to the potential volume, profits, or success of the FRANCHISED BUSINESS contemplated by this AGREEMENT outside the franchise disclosure document. Actual results will vary among FRANCHISOR'S franchisees and FRANCHISOR cannot estimate the results of any particular FRANCHISED BUSINESS. FRANCHISEE acknowledge that no

approvals, consents, waivers, conditions, or the like by FRANCHISOR are an endorsement by FRANCHISOR or a warranty by FRANCHISOR of the success of the FRANCHISED BUSINESS or the appropriateness of the particular items, persons, or matters so approved. FRANCHISEE further acknowledges, understands and accepts that FRANCHISEE is not relying on FRANCHISOR'S or its Affiliates approvals, consents, waivers or the like. Notwithstanding the foregoing, in the event that such representations may have been made or existed at any time whatsoever, they are hereby expressly renounced by the FRANCHISOR and the FRANCHISEE agrees and declares that it did not rely thereon to make its decision to enter into this AGREEMENT with the FRANCHISOR.

21.8 Different Forms Of Agreements.

FRANCHISEE acknowledges that other franchisees may operate under different forms of agreements and, consequently, that FRANCHISOR'S obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

21.9 FRANCHISOR May Refuse To Grant FRANCHISEE A SPRAY-NET FRANCHISE

FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR FOR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT, UNLESS AND UNTIL FRANCHISOR NOTIFIES FRANCHISEE IN WRITING WITH A FRANCHISOR EXECUTED FRANCHISE AGREEMENT THAT THE FRANCHISE HAS BEEN GRANTED, FRANCHISEE IS NOT A FRANCHISEE AND MAY NOT RELY UPON BECOMING A FRANCHISEE OF FRANCHISOR.

21.10 Credit Checks And Background Checks.

FRANCHISEE authorizes FRANCHISOR to obtain, at any time throughout the term of this AGREEMENT, credit checks and background checks on FRANCHISEE, the DESIGNATED PERSON, FRANCHISEE'S owners and FRANCHISEE'S Guarantors.

21.11 Application For Franchise.

All statements made by FRANCHISEE in writing in connection with its application for this franchise were, to the best of FRANCHISEE'S knowledge, true when made and continue to be true as of the Effective Date of this AGREEMENT.

21.12 Anti-Terrorism.

21.12.1 FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON, guarantors and owners agree to comply with and/or to assist FRANCHISOR to the fullest extent possible in FRANCHISOR'S efforts to comply with Anti-Terrorism Laws. In connection with such compliance, FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON, guarantors and owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON, guarantors and owners are not otherwise in violation of any of the Anti-Terrorism Laws.

21.12.2 FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON and owners certify that none of them, their respective employees, or anyone associated with FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON and owners is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). FRANCHISEE agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

21.12.3 FRANCHISEE certifies that FRANCHISEE has no knowledge or information that, if generally known, would result in FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON, owners, their employees, or anyone associated with FRANCHISEE, FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON and owners to be listed in the Annex to Executive Order 13224.

21.12.4 FRANCHISEE is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and FRANCHISEE specifically acknowledges and agrees that FRANCHISEE'S indemnification responsibilities set forth in this AGREEMENT pertain to its obligations under this Section 21.12.

21.12.5 Any misrepresentation under this Section 21.12 or any violation of the Anti-Terrorism Laws by FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON, owners and their employees shall constitute grounds for immediate termination of this AGREEMENT and any other agreement FRANCHISEE have entered FRANCHISOR or its Affiliates.

21.13 Statement Of Ownership.

FRANCHISEE represent that the Statement of Ownership attached to this AGREEMENT as Schedule "C" is true, complete, accurate and not misleading.

22 LIQUIDATED DAMAGES

22.1 Liquidated Damages.

22.1.1 In the event of any default by the FRANCHISEE or any other person bound to comply with Article 10, 15 and 18 hereof, FRANCHISEE and such person will jointly and severally be liable for and pay to FRANCHISOR the amount of one hundred thousand dollars (\$100,000) per default (regardless of the number of days during which such default has persisted).

22.1.2 In the event FRANCHISEE or any other person bound to comply by Section 9.2 or performing the SERVICES on behalf of FRANCHISEE uses unauthorized paint in violation of Section 9.2 to perform the SERVICES, in addition to all other remedies available to FRANCHISOR under this AGREEMENT and applicable law, FRANCHISEE will pay FRANCHISOR five thousand dollars (\$5,000) per client contract in which such unauthorized paint was used.

22.1.3 The sums paid here are in addition to all other rights and remedies of FRANCHISOR under this AGREEMENT and under applicable law and equity.

22.1.4 The parties agree that these amounts constitute, for all legal purposes, liquidated damages, and not a penalty, and are subject to the right of the FRANCHISOR to claim any additional damages, if such additional damages can be proven.

22.2 Survival.

This Section 22 shall survive the termination of the present AGREEMENT for any period during which one or any of the undertakings mentioned in the provision shall itself survive.

22.3 Reasonable Estimate of Damages

The FRANCHISEE and all other persons bound by any one of the provisions hereof in this Section 22 agree and acknowledge that (a) it would be impracticable to determine precisely the damages FRANCHISOR would from a default of any one of the provisions described in this Section 22; (b) the amounts set forth in this Section 22 are

reasonable, good faith pre-estimate of damages FRANCHISOR would incur due to such default and constitutes a preliminary reasonable estimate of the damages that may be suffered by the FRANCHISOR in the event of a default mentioned in this Section.

22.4 Injunctive Relief

Notwithstanding the foregoing, in addition to the FRANCHISOR'S rights to claim liquidated damages and the other rights and remedies available to the FRANCHISOR under this AGREEMENT or at law, the FRANCHISEE agrees that, in the event of a violation, contravention, or breach by him/her of any obligation, covenant and restriction contained in this Section 22, the FRANCHISOR reserves the right to seek injunctive or other equitable relief against the FRANCHISEE. The FRANCHISEE waives any requirement that, as a prerequisite to obtaining injunctive relief or other equitable remedy, the FRANCHISOR be required to post any bond or security, demonstrate or show the likelihood of irreparable damage or demonstrate any actual damages suffered or incurred by it as a result of any violation, contravention or breach by the FRANCHISEE of any obligation, covenant and restriction contained in this Section 22.

23 DISPUTE RESOLUTION, WAIVERS, ETC.

FRANCHISEE AND FRANCHISOR HAVE NEGOTIATED REGARDING A FORUM AND DISPUTE RESOLUTION MECHANISM TO RESOLVE ANY DISPUTES THAT MAY ARISE BETWEEN FRANCHISEE AND FRANCHISOR AND HAVE AGREED TO SELECT FORUMS AND DISPUTE RESOLUTION MECHANISM IN ORDER TO PROMOTE STABILITY IN FRANCHISEE'S RELATIONSHIP WITH FRANCHISOR AS PROVIDED IN THIS SECTION 23.

23.1 Negotiation.

FRANCHISOR AND FRANCHISEE WILL USE BEST EFFORTS TO RESOLVE AND SETTLE BY DIRECT, PRIVATE NEGOTIATION ANY DISPUTES, SUBJECT TO THE EXCLUSIONS SET OUT IN SECTION 23.14. BOTH PARTIES MAY SEEK THE ADVICE AND ASSISTANCE OF LEGAL COUNSEL IN CONNECTION WITH ANY SUCH NEGOTIATION.

23.2 Mediation.

23.2.1 SUBJECT TO SECTION 23.3 IF THE PARTIES CANNOT RESOLVE AND SETTLE A DISPUTE BY PRIVATE NEGOTIATION WITHIN SIXTY (60) DAYS AFTER A PARTY GIVES THE OTHER WRITTEN NOTICE THAT A DISPUTE EXISTS, THE PARTIES MUTUALLY AGREE THAT BEFORE COMMENCING ANY ARBITRATION PROCEEDING (AS PROVIDED BELOW), THE DISPUTE WILL FIRST BE SUBMITTED TO NON-BINDING MEDIATION.

23.2.2 THE MEDIATION SHALL BE CONDUCTED UNDER THE THEN CURRENT CPR PROCEDURE FOR RESOLUTION OF FRANCHISE DISPUTES, EXCEPT TO THE EXTENT THE CPR MEDIATION RULES DIFFER FROM THE TERMS OF THIS AGREEMENT, IN WHICH EVENT, THE TERMS OF THIS AGREEMENT SHALL BE APPLIED. FRANCHISOR AND FRANCHISEE SHALL SELECT THE MEDIATOR FROM THE CPR PANEL OF NEUTRALS (UNLESS THE PARTIES MUTUALLY AGREE TO THE SELECTION OF ANOTHER MEDIATOR). IF THE PARTIES CANNOT AGREE ON THE SELECTION OF A MEDIATOR, CPR SHALL MAKE THE SELECTION.

23.2.3 THE MEDIATOR MAY NOT BE CALLED AS A WITNESS IN ANY COURT OR ARBITRATION PROCEEDING FOR ANY PURPOSE.

23.2.4 EACH PARTY AGREES TO SEND AT LEAST ONE REPRESENTATIVE TO THE MEDIATION CONFERENCE WHO HAS THE AUTHORITY TO ENTER INTO BINDING CONTRACTS ON THAT PARTY'S BEHALF.

23.2.5 THE COST OF THE MEDIATION, INCLUDING THE MEDIATOR'S FEE AND EXPENSES, SHALL BE SPLIT EQUALLY BETWEEN FRANCHISOR AND FRANCHISEE.

23.3 Arbitration.

23.3.1 IF THE PARTIES CANNOT FULLY RESOLVE AND SETTLE A DISPUTE THROUGH DIRECT MEDIATION WITHIN THIRTY (30) DAYS AFTER THE MEDIATION CONFERENCE CONCLUDES, ALL UNRESOLVED ISSUES INVOLVED IN THE DISPUTE (SUBJECT TO SECTION 23.12) WILL BE SUBMITTED TO BINDING ARBITRATION BY THE AMERICAN ARBITRATION ASSOCIATION ("AAA") ON DEMAND OF EITHER PARTY. BUT, A NOTICE OR REQUEST FOR ARBITRATION WILL NOT OPERATE TO STAY, POSTPONE, OR RESCIND THE EFFECTIVENESS OF ANY DEMAND FOR PERFORMANCE OR NOTICE OF TERMINATION.

23.3.2 THE ARBITRATION PROCEEDING WILL BE BEFORE ONE (1) NEUTRAL ARBITRATOR WITH CONTRACT EXPERIENCE APPOINTED BY THE AAA IN ACCORDANCE WITH THE CURRENT OR SUCCESSOR COMMERCIAL ARBITRATION RULES OF THE AAA.

23.3.3 EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE THEN CURRENT OR SUCCESSOR COMMERCIAL ARBITRATION RULES OF THE AAA. THE ARBITRATOR WILL AGREE TO FOLLOW AND APPLY THE EXPRESS PROVISIONS OF THIS AGREEMENT IN DETERMINING THE ARBITRATION AWARD. THE ARBITRATOR WILL NOT EXTEND OR MODIFY OR SUSPEND ANY OF THE TERMS OF THE AGREEMENT OR THE REASONABLE STANDARDS OF BUSINESS PERFORMANCE AND OPERATION ESTABLISHED BY FRANCHISOR. THE ARBITRATOR SHALL BE BOUND TO APPLY THE APPLICABLE LAW AND SHALL NOT RULE INCONSISTENTLY WITH APPLICABLE LAW.

23.3.4 FRANCHISOR AND FRANCHISEE AGREE THAT, IN ANY ARBITRATION PROCEEDING, EACH PARTY MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM WHICH IS NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. EACH PARTY WILL, UPON THE WRITTEN REQUEST OF THE OTHER PARTY, PROMPTLY PROVIDE THE OTHER WITH COPIES OF DOCUMENTS RELEVANT TO THE ISSUES RAISED BY ANY CLAIM OR COUNTERCLAIM ON WHICH THE PRODUCING PARTY MAY RELY IN SUPPORT OF OR IN OPPOSITION TO ANY CLAIM OR DEFENSE.

23.3.5 ANY DISPUTE REGARDING DISCOVERY, OR THE RELEVANCE OR SCOPE THEREOF, SHALL BE DETERMINED BY THE ARBITRATOR, WHICH DETERMINATION SHALL BE CONCLUSIVE. ALL DISCOVERY SHALL BE COMPLETED WITHIN SIXTY (60) DAYS FOLLOWING THE APPOINTMENT OF THE ARBITRATOR.

- 23.3.6 AT THE REQUEST OF A PARTY, THE ARBITRATOR SHALL HAVE THE DISCRETION TO ORDER EXAMINATION BY DEPOSITION OF WITNESSES TO THE EXTENT THE ARBITRATOR DEEMS SUCH ADDITIONAL DISCOVERY RELEVANT AND APPROPRIATE. DEPOSITIONS SHALL BE LIMITED TO A MAXIMUM OF FIVE (5) PER PARTY AND SHALL BE HELD WITHIN THIRTY (30) DAYS OF MAKING OF A REQUEST. ADDITIONAL DEPOSITIONS MAY BE SCHEDULED ONLY WITH THE PERMISSION OF THE ARBITRATOR AND FOR GOOD CAUSE SHOWN. EACH DEPOSITION SHALL BE LIMITED TO A MAXIMUM OF SIX (6) HOURS DURATION.
- 23.3.7 ALL OBJECTIONS ARE RESERVED FOR THE ARBITRATION HEARING EXCEPT FOR OBJECTIONS BASED ON PRIVILEGE AND PROPRIETARY OR CONFIDENTIAL INFORMATION.
- 23.3.8 FRANCHISOR AND FRANCHISEE AGREE THAT THE ARBITRATION SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS AND THAT ANY ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND FRANCHISEE SHALL NOT BE COMMENCED, CONSOLIDATED OR CONDUCTED WITH ANY OTHER ARBITRATION PROCEEDING. THE ARBITRATOR HAS NO AUTHORITY TO RULE ON THE ENFORCEABILITY OF THE BAN ON CLASS-ACTION ARBITRATION. ANY RULING BY THE ARBITRATOR AUTHORIZING ARBITRATION TO BE CONDUCTED ON A CLASS-WIDE BASIS IS SUBJECT TO APPEAL TO A COURT OF COMPETENT JURISDICTION.
- 23.3.9 THE ARBITRATOR WILL NOT HAVE THE AUTHORITY TO DECLARE ANY TRADEMARK GENERIC, DESCRIPTIVE OR OTHERWISE INVALID.
- 23.3.10 THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY FRANCHISEE OR FRANCHISOR.
- 23.3.11 THE AWARD SHALL BE MADE WITHIN NINE (9) MONTHS OF THE FILING OF THE NOTICE OF INTENTION TO ARBITRATE, AND THE ARBITRATOR SHALL AGREE TO COMPLY WITH THIS SCHEDULE BEFORE ACCEPTING APPOINTMENT. THIS TIME LIMIT MAY BE EXTENDED BY THE PARTIES OR ARBITRATOR IF NECESSARY. THE AWARD SHALL INCLUDE FINDINGS OF FACT AND CONCLUSIONS OF LAW.
- 23.3.12 EITHER PARTY MAY APPLY TO THE COURT HAVING JURISDICTION FOR AN ORDER CONFIRMING, OR ENFORCING THE AWARD. THE ARBITRATOR SHALL HAVE THE RIGHT TO AWARD OR INCLUDE IN THE AWARD ANY RELIEF WHICH HE/SHE DEEMS PROPER IN THE CIRCUMSTANCES CONSISTENT WITH SECTION 24.2 INCLUDING MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE AND DECLARATORY RELIEF, AND LEGAL FEES AND COSTS IN ACCORDANCE WITH SECTION 23.10 HEREOF, PROVIDED THAT THE ARBITRATOR SHALL NOT HAVE THE AUTHORITY TO AWARD EXEMPLARY, PUNITIVE OR TREBLE DAMAGES.

23.4 Forum

THE MEDIATION AND ARBITRATION PROCEEDING WILL TAKE PLACE IN WILMINGTON, DELAWARE OR THE CITY NEAREST FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS AT THE TIME AS DETERMINED BY THE MEDIATOR OR ARBITRATOR, AS THE CASE MAY BE, UNLESS THE PARTIES MUTUALLY AGREE TO ANOTHER LOCATION.

23.5 Consent To Jurisdiction

FRANCHISEE AND FRANCHISEE DESIGNATED PERSON HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF THE COURTS IN WILMINGTON, DELAWARE AND MEDIATION AND ARBITRATION IN WILMINGTON, DELAWARE OR AS PROVIDED IN SECTIONS 23.2 OR 23.10 FRANCHISEE AND FRANCHISEE DESIGNATED PERSON HEREBY WAIVE ANY OBJECTION FRANCHISEE OR FRANCHISEE DESIGNATED PERSON MIGHT HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN SUCH COURTS.

23.6 Prior Relationship

THE MEDIATOR AND ARBITRATOR SELECTED IN ACCORDANCE WITH SECTIONS 23.1.1 AND 23.1.2 WILL HAVE NO PRIOR BUSINESS OR PERSONAL RELATIONSHIP WITH ANY PARTIES.

23.7 Governing Law

EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN SECTIONS 23.1, 23.12 AND THIS 23.5, ALL DISPUTES TO BE ARBITRATED BY FRANCHISEE AND FRANCHISOR PURSUANT TO THIS AGREEMENT WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT, AND NO PROCEDURAL ARBITRATION ISSUES ARE TO BE RESOLVED PURSUANT TO ANY STATE STATUTES, REGULATIONS, OR COMMON LAW. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT WILL BE INTERPRETED UNDER THE LAWS OF THE STATE OF DELAWARE, AND ANY DISPUTE BETWEEN THE PARTIES WILL BE GOVERNED BY AND DETERMINED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF DELAWARE, WHICH LAWS WILL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW.

23.8 Definition Of Dispute

Subject to Section 23.12, "**DISPUTE**" means any disputes, controversies or claims between FRANCHISOR, its Affiliate, shareholders, owners, officers, directors, agents, employees and attorneys (in their respective capacity) and FRANCHISEE and FRANCHISEE'S DESIGNATED PERSON, owners, guarantors, owners, affiliates, officers, directors, agents and employees (collectively, "**PARTIES**") (a) arising out of or related to this AGREEMENT or any other agreement between the PARTIES relating to the FRANCHISED BUSINESS or the relationship of the PARTIES hereto; (b) the relationship of the PARTIES hereto; or (c) the scope or validity of this AGREEMENT or any other agreement between the PARTIES relating to the FRANCHISED BUSINESS or the relationship of the PARTIES hereto or any provision thereof (including the validity and scope of the arbitration obligation, which FRANCHISEE and FRANCHISOR acknowledge will be determined by an arbitrator and not a court, unless the arbitrator invalidates the Arbitration provision in its entirety, in which case, wither party has the right to appeal such invalidation to a court of competent jurisdiction).

23.9 Business Judgment.

The parties recognize and any mediator, arbitrator and judge is affirmatively advised, that certain provisions of this AGREEMENT reflect rights of FRANCHISOR and FRANCHISEE to take (or refrain

from taking) certain actions in exercise of its business judgment based on its assessment of the long term interests of the franchised system as a whole. Where such discretion has been exercised, and is supported by the business judgment of FRANCHISOR or FRANCHISEE, a mediator, arbitrator or judge shall not substitute his or her judgment for the judgment so exercised by FRANCHISOR or FRANCHISEE.

23.10 Confidentiality.

All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the negotiation and mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of applicable rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose.

23.11 Costs And Attorneys' Fees.

If FRANCHISOR or any of its Affiliates take action to enforce this AGREEMENT or take any action due to FRANCHISEE'S breach of this AGREEMENT, FRANCHISEE shall reimburse FRANCHISOR and its Affiliates for their costs and expenses, including, but not limited to, reasonable accountants', 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 incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or seek relief for a breach of this AGREEMENT. FRANCHISOR reserves the right, but has no obligation, to advance FRANCHISEE share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with this Section 23.11. If either party commences any legal action or proceeding in any court in contravention of the terms of Section 23.1, that party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorney's fees as described in this Section 23.11.

23.12 Disputes Not Subject To Negotiation, Mediation Or Arbitration.

The following disputes are not subject to the procedures set out in Sections 23.1, 23.2 23.3: (a) FRANCHISEE, FRANCHISEE'S DESIGNATED PERSON, Guarantors, owners, affiliates, officers, directors, agents and employees use of the MARKS, any other mark in which FRANCHISOR or any of its Affiliates has an interest; (b) conduct which is alleged to otherwise infringe the intellectual property rights of FRANCHISOR or any of its Affiliates; (c) acts in derogation of FRANCHISEE'S obligations under Section 17; or (d) actions for the collection of moneys expressly owed under this AGREEMENT or any other agreement between the PARTIES (defined in Section 23.8) relating to the BUSINESS or relationship of the PARTIES. THE PARTIES AGREE THAT THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THEM UNDER THIS SECTION 23.12 SHALL BE IN FEDERAL OR STATE COURTS SITUATED IN WILMINGTON, DELAWARE AND EACH PARTY WAIVES ANY OBJECTION IT MIGHT HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN SUCH COURTS. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS NOT LOCATED IN THE WILMINGTON, DELAWARE METROPOLITAN AREA, THE NEAREST CITY TO FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS AT THE TIME WITH A STATE AND FEDERAL COURT WILL BE SUBSTITUTED FOR WILMINGTON, DELAWARE.

23.13 Injunctive Relief

Notwithstanding anything contained in Section 23.1, 23.2 and 23.3 to the contrary, FRANCHISEE and FRANCHISOR will be entitled, to the entry of a temporary, preliminary, interim, interlocutory and permanent injunctive relief and orders of specific performance from a court of competent jurisdiction, without posting bond, enforcing the provisions of this AGREEMENT or any other related agreement pertaining to use of the SPRAY-NET CONCEPT, CONFIDENTIAL INFORMATION, TRADE

SECRETS, MARKS, post termination obligations set out in this AGREEMENT, and any Transfers by FRANCHISEE. If either party secures any such injunction or order of specific performance, the non-securing party agrees to pay to the securing party its costs and attorneys' fees described in Section 23.11 and damages that may be permitted under this AGREEMENT. The non-securing party's sole remedy in the event of the entry of such injunctive relief will be the dissolution of such injunctive relief, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

23.14 Survival

The provisions of this Section 23 are intended to benefit and bind certain third party non-signatories. The provisions of this Section 23 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this AGREEMENT.

23.15 Severability

If a court of competent jurisdiction decides the requirement to arbitrate a DISPUTE is unenforceable because applicable law does not permit the type of claim involved to be resolved by arbitration, or because this AGREEMENT limits a party's rights or remedies in a manner applicable law does not permit, or for any other reasons, then the arbitration clause shall not be void. Only those portions of the arbitration clause with respect to such claim or claims as are necessary to comply with applicable law will be invalid and considered severable, but the remainder will be enforced.

24 GENERAL PROVISIONS

24.1 No Waiver

No omission or forbearance by the FRANCHISOR to exercise any right or power granted to it herein or to insist upon the strict compliance by the FRANCHISEE of any obligation or condition hereof, nor any custom or practice between the parties deviating from the provisions hereof, shall constitute a renunciation of the right of the FRANCHISOR to require full compliance with this AGREEMENT and all its provisions. The acquiescence by the FRANCHISOR of any default by the FRANCHISEE shall not affect or otherwise modify the rights of the FRANCHISOR with respect to any other default, whether similar or different in nature, and no delay, no renunciation, no tolerance or omission by the FRANCHISOR to exercise any power or right resulting from any breach or default by the FRANCHISEE of any term or condition herein shall affect or otherwise modify the rights of the FRANCHISOR, nor constitute a renunciation by the FRANCHISOR of any right herein or any right with respect to any other breach or default. FRANCHISOR'S acceptance of any payments due from FRANCHISEE after any breach by FRANCHISEE shall not constitute a waiver of said breach nor limit FRANCHISOR'S ability to fully exercise its rights under this AGREEMENT as a result of FRANCHISEE'S breach.

24.2 Limitation of Liability

Except in the cases of gross negligence or gross fault by the FRANCHISOR, and except as otherwise set forth in any warranty which may be granted in writing by the FRANCHISOR in respect of any product, good or service, the FRANCHISEE accepts, acknowledges and agrees that, in no case, shall the FRANCHISOR be responsible for any fact, act, obligation (contractual or extra-contractual), claim and/or damages (material, physical and/or moral), of any nature whatsoever, which may arise, directly or indirectly, (a) from any delay in the delivery of any product, article, merchandise or property, (b) any fact, act or omission whatsoever for which the cause does not arise directly from the gross negligence or gross fault on the part of the FRANCHISOR, (c) any malfunction, failure, defect of quality and/or defect of security which may have been caused by any material, product, merchandise, goods or software occurring for any reason whatsoever, (d) non-compliance or violation of any provision of this AGREEMENT, or (e) any loss or damage (physical, material and/or moral) which any person may have been a victim or any

property whatsoever due to any product, good or service provided by the FRANCHISOR. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, FRANCHISEE, THE DESIGNATED PERSON AND FRANCHISEE'S Affiliates HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE FRANCHISOR INDEMNIFIED PARTIES. FRANCHISOR AND THE FRANCHISOR INDEMNIFIED PARTIES WILL NOT BE LIABLE TO FRANCHISEE, THE DESIGNATED PERSON, FRANCHISEE'S Affiliates, OR CUSTOMERS, FOR ANY TORT DAMAGES, PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, GENERAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL. IN THE EVENT OF A CLAIM AGAINST FRANCHISOR OR THE FRANCHISOR INDEMNIFIED PARTIES, FRANCHISEE, THE DESIGNATED PERSON, FRANCHISEE'S Affiliates, OR CUSTOMERS WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. FRANCHISOR'S SOLE AND EXCLUSIVE LIABILITY FOR ANY CONDITIONS OR WARRANTIES EXTENDED TO FRANCHISEE WILL BE TO REPAIR OR REPLACE, AT FRANCHISOR'S OPTION, ANY OF THE PRODUCTS AND GOODS SOLD, LICENSED, OR LEASED BY FRANCHISOR TO FRANCHISEE WHICH ARE NOT IN COMPLIANCE WITH SUCH WARRANTY OR CONDITION, IF ANY. UNDER NO CIRCUMSTANCES WILL THE FRANCHISOR INDEMNIFIED PARTIES LIABILITY EXCEED THE DOLLAR AMOUNT OF THE AMOUNT PAID FOR ANY PRODUCT, SERVICE OR GOOD THAT IS NOT IN COMPLIANCE WITH SUCH CONDITION OR WARRANTY, IF ANY.

24.3 Relationship between the Parties

Nothing in this AGREEMENT is intended to create or does create the relationship of employer and employee, principal and agent, co-partners, joint venturers, fiduciary, or any other similar relationship, the existence of which is hereby expressly denied by all parties hereto, between FRANCHISEE and FRANCHISOR. FRANCHISEE agrees that FRANCHISEE is in all respects an independent contractor. FRANCHISEE does not have the authority to bind FRANCHISOR to any agreement, whether written or oral, without the signature of the Chief Executive Officer of FRANCHISOR. FRANCHISEE will not be treated as an employee, partner, or joint venturer of FRANCHISOR for any purpose, including but not limited to, for state or federal income tax purposes. FRANCHISOR is not a joint-employer of any employee of FRANCHISEE. FRANCHISEE shall not incur any obligations or indebtedness except in FRANCHISEE'S name.

24.4 Indemnification

The FRANCHISEE agrees to indemnify and hold harmless the FRANCHISOR, FRANCHISOR'S INDEMNIFIED PARTIES as well as their officers, directors, shareholders, employees, representatives and mandataries from and against any obligations (contractual and/or extra-contractual), claims, actions, damages (physical, material and/or moral), liabilities, loss, demand, cost, penalties, condemnation, judicial and extrajudicial costs, lawyer fees, legal costs and expenses, fines, filing fees, procedure (of any kind) and expenses, of any nature whatsoever, arising directly or indirectly, in any manner whatsoever, from (i) any default by the FRANCHISEE hereunder or under any other agreement between the FRANCHISEE and the FRANCHISOR (ii) any negligent or wilful act or omission by the FRANCHISEE and/or any of its directors, officers, members, shareholders, employees, representatives, DESIGNATED PERSON and mandataries, except only in the case where it is proven that they are the result of the gross negligence or gross fault of the FRANCHISOR; or (iii) any SERVICES performed by FRANCHISEE or its employees, contractors, owners, shareholders, members, or representatives; (iv) FRANCHISEE'S breach of any contract with its customers; (v) FRANCHISEE'S taxes, liabilities or costs or expenses of the FRANCHISED BUSINESS; or (vi) FRANCHISEE, its DESIGNATED PERSON or FRANCHISEE'S affiliates activities for which the FRANCHISOR Indemnified Parties are named or threatened to be named as a party. In addition, the FRANCHISEE agrees to pay and/or reimburse without delay, any damages as well as all costs and expenses, including reasonable legal fees (judicial and extrajudicial) in connection

with any such demand, claim, procedure or litigation incurred or paid by the FRANCHISOR. Without limiting the generality of the foregoing, FRANCHISEE agrees that, if FRANCHISOR'S Indemnified Parties are made a party to any lawsuit or other legal action as described in this Section 23.4, FRANCHISOR may, at its sole option, either (1) tender the defense and/or prosecution of the case or action to FRANCHISEE, and FRANCHISEE agrees to then be responsible for diligently and promptly pursuing such case or action at FRANCHISEE'S sole cost and expense; or (2) hire counsel directly to protect its interests and bill FRANCHISEE for all costs, fees, and expenses set out in this Section 23.4. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration, transfer or termination of this AGREEMENT.

24.5 Entire Agreement

24.5.1 This AGREEMENT and the documents to which it refers constitute the entire and complete agreement between the FRANCHISOR and FRANCHISEE concerning the subject matter herein and cancels and replaces any prior agreement on said subject matters. There are no representations, conditions, warranties, inducements, promises, or agreements, express, implied or collateral, oral or otherwise, between the parties not embodied herein (other than those written disclosures required by law). Nothing in this or any related agreement, however, is intended to disclaim the representations FRANCHISOR made in the Franchise Disclosure Document that FRANCHISOR furnished to FRANCHISEE.

24.5.2 It is expressly agreed that all the obligations of the FRANCHISOR are solely those expressly set forth in the present AGREEMENT and that, except in the event that any provision of this AGREEMENT explicitly states that an obligation is the responsibility of the FRANCHISOR, all obligations concerning the FRANCHISED BUSINESS and/or the execution of the present AGREEMENT shall be at the expense, the risk and under the responsibility of the FRANCHISEE.

24.6 Amendment to the Agreement

Subject to the rights stipulated in favour of the FRANCHISOR hereunder, including, without limitation, FRANCHISOR'S right to modify the provisions of the Operations Manual, any change or amendment to the present AGREEMENT or any schedule to the AGREEMENT shall not be binding except by a writing signed by the vice-president of FRANCHISOR and signed by the FRANCHISEE.

24.7 Notice

All notices, consents, requests, demands, and other communications hereunder are to be in writing, and are deemed to have been duly given or made: (1) when delivered in person; 2) five days after transmittal by first class certified or registered mail; (3) in the case of express courier services, three days after delivery to the courier service with payment provided for; or (4) if by facsimile, when sent and facsimile confirmation received, in each case addressed as follows:

If to FRANCHISOR, to: SPRAY-NET, Inc.
1490 De Coulomb Street
Boucherville, Quebec
Canada, J4B 6H5
Attention: Patrice Belair, Vice President
Fax: 450-328-0052

If to FRANCHISEE: If to FRANCHISEE, to the address or
fax number indicated on
the signature page of this AGREEMENT

Or to such other address or facsimile as any party may designate by notice to the other parties in accordance with the terms of this Section 24.7.

24.8 Cumulative Rights

The rights and remedies of FRANCHISOR hereunder are cumulative and no exercise or enforcement by FRANCHISOR of any right or remedy hereunder will preclude the exercise or enforcement by FRANCHISOR of any other right or remedy hereunder which FRANCHISOR is entitled by law to enforce.

24.9 Rider

If a state regulator requires an amendment to this agreement, the amendment is attached hereto in a state law rider as **Schedule "H"**. FRANCHISOR will not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this agreement or to its rescission or termination.

24.10 Survival

All of FRANCHISEE'S obligations which expressly or by their nature survive the expiration, termination, transfer or assignment of this AGREEMENT will continue in full force and effect subsequent to and notwithstanding the expiration, termination, assignment or transfer of this AGREEMENT and until they are satisfied in full or by their nature or express terms expire.

24.11 Waiver of Jury Trial.

FRANCHISOR AND FRANCHISEE HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY.

24.12 Severability

If any provision of this AGREEMENT is determined by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct. If any restriction contained in this AGREEMENT is deemed too broad to be capable of enforcement, the arbitrator or the court or competent jurisdiction, as the case may be, is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this AGREEMENT, including, but not limited to, those relating to non-competition, will be interpreted and applied consistent with the requirements of reasonableness and equity.

24.13 Successors and Assigns

This AGREEMENT shall enure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective successors and permitted assigns.

24.14 Legal Expenses

Each party shall bear the legal fees incurred by them in connection with the review of this AGREEMENT.

24.15 Compensation

The FRANCHISEE agrees and covenants to pay the FRANCHISOR all amounts that are payable to it despite any claim, of any nature whatsoever, that the FRANCHISEE may or intends to make against the FRANCHISOR, for any reason whatsoever.

24.16 Application of Payments

Notwithstanding any provisions of law to the contrary, any and all payments received by the FRANCHISOR from the FRANCHISEE may be applied by the FRANCHISOR, at its entire discretion, to all or any part of the amounts payable to the FRANCHISOR by the FRANCHISEE and/or to the reimbursement of any amount, of any nature whatsoever, paid by the FRANCHISOR for the benefit of the FRANCHISEE.

24.17 Time of the Essence

Time is of the essence of this AGREEMENT and in the performance of each and every term and provision hereof.

24.18 Legal Representation

The FRANCHISEE hereby represents and warrants that it has properly understood each and every one of the undertakings and obligations set forth herein and has taken all reasonable and prudent measures, including, if applicable, the use of independent and competent financial and legal advisors, to ensure that it properly understands each and every one of its undertakings and obligations set forth herein.

24.19 Force Majeure

Neither FRANCHISOR nor FRANCHISEE will be liable for loss or damage or deemed to be in breach of this AGREEMENT if FRANCHISOR or FRANCHISEE exercise best efforts to perform FRANCHISOR'S or FRANCHISEE obligations hereunder and FRANCHISOR or FRANCHISEE failure to perform such obligations results from: (a) transportation, material, or energy shortages, or the voluntary foregoing of the right to acquire or use any of the foregoing, in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any government or any department or agency thereof; (c) acts of God; (d) acts or omissions of the other party; (e) fire, strike, embargo, insurrection, war (whether or not officially declared), or riot; or (f) acts of terrorism. Any delay resulting from any of said causes will extend performance accordingly or excuse performance in whole or in part, as may be necessary. Notwithstanding the foregoing, FRANCHISEE or FRANCHISOR will not be excused from performance of 'FRANCHISEE or FRANCHISOR'S obligations under this AGREEMENT due to a Force Majeure event described herein where the affected party (1) assumed or should have assumed the risk of a Force Majeure event; (2) through its own fault or negligence caused the Force Majeure event; or (3) cannot otherwise perform its obligations under this AGREEMENT due to a lack of funds.

24.20 Counterparts

This AGREEMENT may be executed in any number of counterparts, each of which will be deemed to be an original and constitute one and the same instrument. This AGREEMENT will become binding when one (1) or more counterparts hereof, individually or taken together, will bear the necessary signatures.

24.21 Ambiguity

In the case of any question of ambiguity relating to any provisions contained herein, there will not be any construction against the drafter of the document.

24.22 Headings And References.

Headings and paragraph titles are for convenience of reference only and shall not define, limit, or extend the scope or intent of this AGREEMENT or any provision thereof. All terms and words used herein shall

be construed to include the number and gender as the context of this AGREEMENT may require. Each section of this AGREEMENT shall be construed independently of any other section or provision of this AGREEMENT. Any rights reserved to FRANCHISOR may be exercised in its sole discretion, unless specifically stated to the contrary.

24.23 Business Judgment.

Whenever FRANCHISOR reserves discretion in a particular area or where FRANCHISOR agrees to exercise its rights reasonably or in its sole determination, FRANCHISOR will satisfy its obligations whenever FRANCHISOR exercises its reasonable business judgment in making its decision or exercising its rights. FRANCHISOR'S decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if FRANCHISOR'S decision or action is intended, in whole or significant part, to promote or benefit the SPRAY-NET CONCEPT generally even if the decision or action also promotes FRANCHISOR'S financial or other individual interest.

24.24 Attorney-In-Fact.

FRANCHISEE hereby irrevocably appoints FRANCHISOR as FRANCHISEE'S true and lawful attorney for FRANCHISEE, and in FRANCHISEE'S name, place and stead and on FRANCHISEE'S behalf, to take action as may be necessary to amend or terminate all registrations and filings, or to sign other documents required by FRANCHISEE under this AGREEMENT. This appointment is being coupled with an interest to enable FRANCHISOR to protect the SPRAY-NET CONCEPT.

24.25 Limitations on Actions.

Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this AGREEMENT or with respect to any breach of the terms of this AGREEMENT must be brought or instituted within a period of two (2) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

IN WITNESS WHEREOF, the parties have duly executed, sealed and entered into this AGREEMENT on the day, month and year mentioned above.

[FRANCHISEE NAME]

Its:

Address

Address

Facsimile Number

SPRAY-NET INC.

By: Patrice Bélair
Title: Vice-President

Schedule "A"

EXCLUSIVE TERRITORY

1. **EXCLUSIVE TERRITORY**: The following zip codes, postal codes, and/or counties or area map (attached hereto) located in the state defined below constitutes the FRANCHISEE'S EXCLUSIVE TERRITORY:

State: _____

_____ SEASONAL _____ NON-SEASONAL

2. **ADDITIONAL TERRITORY**:

_____ Executed Protected Right to Acquire Additional Territory Addendum (See executed Protected Right to Acquire Additional Territory Addendum **Schedule "D"**)

_____ No Additional Territory Agreement

Schedule "B"

MARKS

MARK	SERIAL NO./REGISTRATION NO.
SPRAY-NET	86771933
	86808408
FASHION FOR YOUR HOME	87008359
SAME ADDRESS NEW LOOK	87008223
LIQUA-WRAP	87008094
PRE-TINT	87007933
FORMULATION TO APPLICATION	87007626

Schedule "C"

STATEMENT OF OWNERSHIP

This "Statement of Ownership" attached as **Schedule "C"** to the AGREEMENT further defines the FRANCHISEE'S ownership, as well as those parties that have an ownership interest in the FRANCHISEE. All capitalized terms referenced in this Statement of Ownership will have the meanings defined in the AGREEMENT.

FRANCHISEE INFORMATION

NAME:

ADDRESS:

FORM OF OWNERSHIP: (check the correct information)

_____ INDIVIDUAL

_____ CORPORATION: (Provide the state and date of incorporation, the names and addresses of each officer and director, and the names and addresses of every shareholder, including percentage of stock owned by each below).

_____ LIMITED LIABILITY COMPANY (Provide the state and date of formation, the names and addresses of each member, including percentage of membership interest held by each member below)

_____ PARTNERSHIP (Provide the name and address of each partner, percentage of business owned, whether active in management, and state in which the partnership was formed below)

DESIGNATED PERSON

DESIGNATED PERSON'S NAME:

ADDRESS:

PERCENTAGE OF OWNERSHIP:

Any and all changes to the above information must be reported to FRANCHISOR within ten (10) business days prior to the date such changes take effect.

Schedule "D"

PROTECTED RIGHT TO ACQUIRE ADDITIONAL TERRITORY ADDENDUM

This Protected Right to Acquire Additional Territory Addendum ("ADDENDUM") dated _____, 20____ between SPRAY-NET INC. ("FRANCHISOR") and _____ ("FRANCHISEE"). To the extent not defined herein, all capitalized references in this ADDENDUM have the meanings defined in the FRANCHISE AGREEMENT.

RECITALS

FRANCHISOR and FRANCHISEE entered into that certain franchise agreement dated _____, 20____ ("FRANCHISE AGREEMENT") pursuant to which FRANCHISEE will operate a FRANCHISED BUSINESS, as defined by the FRANCHISE AGREEMENT in the EXCLUSIVE TERRITORY set out in Schedule "A" of the FRANCHISE AGREEMENT.

FRANCHISOR, in its sole discretion, offers to certain qualified FRANCHISEES the opportunity to purchase one (1) additional territory to operate the FRANCHISED BUSINESS.

FRANCHISEE desires to acquire a one-time right to purchase one (1) additional territory to operate the FRANCHISED BUSINESS and FRANCHISOR desires to grant FRANCHISEE a one (1) time right to purchase one (1) additional territory to operate the FRANCHISED BUSINESS subject to the terms and conditions set out in this ADDENDUM.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, FRANCHISEE and FRANCHISOR agree as follows:

1. ONE-TIME GRANT FOR ADDITIONAL TERRITORY. In consideration of the ADDITIONAL TERRITORY MARKETING FEE, FRANCHISOR hereby grants to FRANCHISEE a one-time right to acquire the ADDITIONAL TERRITORY to operate the FRANCHISE BUSINESS. The right to acquire the ADDITIONAL TERRITORY cannot be exercised prior to the ADDITIONAL TERRITORY EXERCISE PERIOD.
2. ADDITIONAL TERRITORY EXERCISE DATE. If the CONDITIONS in Paragraph 5 hereof are met, FRANCHISEE may exercise the right to acquire the ADDITIONAL TERRITORY as described in Paragraph 1 of this ADDENDUM on the date that is the 12-month anniversary of the EFFECTIVE DATE in the FRANCHISE AGREEMENT.
3. OPERATIONS IN THE ADDITIONAL TERRITORY PENDING THE ADDITIONAL TERRITORY EXERCISE DATE. Subject to all the terms and conditions of the FRANCHISE AGREEMENT, including but not limited to Article 3 thereof, and provided FRANCHISEE is not in default of this ADDENDUM, from the EFFECTIVE DATE of the FRANCHISE AGREEMENT until the expiration of the ADDITIONAL TERRITORY EXERCISE DATE ("**PENDING PERIOD**"), FRANCHISOR will not operate or authorize a third party to operate a FRANCHISE in the ADDITIONAL TERRITORY. Subject to all the terms and conditions of the FRANCHISE AGREEMENT, during such PENDING PERIOD, FRANCHISEE may operate the FRANCHISED BUSINESS in the ADDITIONAL TERRITORY.

4. ADDITIONAL TERRITORY MARKETING FEE. FRANCHISEE will pay FRANCHISOR the ADDITIONAL TERRITORY MARKETING FEE in the amount of \$37,500 at the time FRANCHISEE signs the FRANCHISE AGREEMENT. The ADDITIONAL TERRITORY MARKETING FEE is non-refundable.

5. CONDITIONS. FRANCHISEE may exercise its right to acquire the ADDITIONAL TERRITORY only if all the following conditions are met (“**CONDITIONS**”): (a) FRANCHISEE notifies FRANCHISOR in writing on the ADDITIONAL TERRITORY EXERCISE DATE that FRANCHISEE wants to exercise the right to purchase the ADDITIONAL TERRITORY; (b) FRANCHISEE is not in default of the FRANCHISE AGREEMENT or this ADDENDUM on the date that is the ADDITIONAL TERRITORY EXERCISE DATE or any period prior to such date; (c) FRANCHISEE is in compliance with the MINIMUM PERFORMANCE for its EXCLUSIVE TERRITORY and ADDITIONAL TERRITORY in the amounts set out in Section 3.5 of the FRANCHISE AGREEMENT; (d) FRANCHISEE executes the ADDITIONAL TERRITORY AMENDMENT TO FRANCHISE AGREEMENT in the then-current form required by FRANCHISOR within ten (10) business days of receipt from FRANCHISOR; and (e) FRANCHISEE pays FRANCHISOR an additional territory fee of \$50,000 (“**ADDITIONAL TERRITORY FEE**”), the then-current EQUIPMENT FEE, the then-current STARTER KIT FEE and the YEAR TWO MARKETING FEE for the ADDITIONAL TERRITORY.

6. ADDITIONAL TERRITORY. The ADDITIONAL TERRITORY is set out on Exhibit “A” to this ADDENDUM.

7. GROSS INCOME IN THE ADDITIONAL TERRITORY. During any period that FRANCHISEE operates the FRANCHISED BUSINESS in the ADDITIONAL TERRITORY, including the PENDING PERIOD, all GROSS INCOME in the ADDITIONAL TERRITORY will be included in the GROSS INCOME calculation for purposes of ROYALTY, NATIONAL MARKETING FUND CONTRIBUTIONS, REGIONAL ADVERTISING FUND CONTRIBUTIONS, and FRANCHISEE ADVERTISING FEES.

8. ADDENDUM PERSONAL TO FRANCHISEE. This ADDENDUM is personal to FRANCHISEE. FRANCHISEE may not assign or otherwise transfer this ADDENDUM without FRANCHISOR’S approval, which may be withheld in FRANCHISOR’S sole discretion.

9. NO COERCION. The Parties acknowledge that they are freely and voluntarily entering into this ADDENDUM, uncoerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this ADDENDUM.

10. ADDENDUM BINDING. This ADDENDUM will be binding upon and inure to the benefit of each party.

11. COUNTERPART/FACSIMILE. This ADDENDUM may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This ADDENDUM shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party. Facsimile signatures and faxed transmissions executed shall have the same full force and effect as originally executed documents.

[signatures on the following page]

IN WITNESS WHEREOF, FRANCHISEE and FRANCHISOR have duly executed this AGREEMENT as of the date first above written.

FRANCHISEE:

SPRAY-NET INC.

(Insert name of entity)

By: _____

Name: _____

Title: _____

By: Patrice Bélair

Title: Vice-President

FRANCHISEE'S GUARANTORS:

EXHIBIT A

ADDITIONAL TERRITORY

_____ Seasonal

_____ Non-Seasonal

Schedule "E"

NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

In consideration of, and as an inducement to, the execution of the SPRAY-NET INC. Franchise Agreement ("**Franchise Agreement**"), dated _____, 20_____, between SPRAY-NET INC. ("**SPRAY-NET**") and _____ ("**Franchisee**"), this "Non Disclosure and Non Competition Agreement" ("**Agreement**") is made and entered into between SPRAY-NET, Franchisee and Associate. To the extent not defined herein, all capitalized references in this Agreement will have the meanings as defined in the Franchise Agreement.

RECITALS

A. SPRAY-NET owns, operates, and grants franchises for the establishment and operation of a business that provides residential spray painting, staining and coating for exterior covering of doors, windows and sidings under the Marks using the Confidential Information and Trade Secrets ("**Franchised Business**").

B. SPRAY-NET's Confidential Information and Trade Secrets are all operations, marketing, materials and data bases, advertising, development and related information which are developed and utilized in connection with the operation of the Franchised Business, the Operations Manual, all aspects of the Spray-Net Concept, all information regarding customers, the terms of the Franchise Agreement, and all SPRAY-NET or its Affiliates proprietary information (whether in print, electronic form, or oral).

C. SPRAY-NET and its Affiliates have established substantial goodwill and an excellent reputation with respect to the Marks, Confidential Information and Trade Secrets, which goodwill and reputation have been and will continue to be of major benefit to SPRAY-NET and its Affiliates.

THEREFORE, in consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate, Franchisee, and SPRAY-NET, intending legally to be bound, agrees as follows:

1. ASSOCIATE. The Associate is (a) the Designated Person; (b) if Franchisee is a corporation, partnership, limited liability company or other form of entity, a manager, officer, member, director, partner, shareholder, non-managing party, owner or any of the foregoing immediate family member who has access to the Confidential Information and/or Trade Secrets; (c) if Franchisee is an individual, the immediate family member of Franchisee who has access to the Confidential Information and/or Trade Secrets; (d) an employee, agent or contractor who has access to the Confidential Information and/or Trade Secrets; or (e) a Guarantor who has signed the Guaranty and Assumption of Franchisee's Obligations attached as Schedule "F" to the Franchise Agreement.

2. CONFIDENTIAL INFORMATION AND TRADE SECRETS.

(a) Ownership. Associate acknowledges that Confidential Information and Trade Secrets are the unique, exclusive property and Trade Secrets of SPRAY-NET and/or SPRAY-NET's Affiliates. Associate further acknowledges that SPRAY-NET and its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that SPRAY-NET and its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

(b) Wrongful Use. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to SPRAY-NET and/or SPRAY-NET's Affiliates. Associate will not at any time, directly or indirectly, publish, disclose, divulge, or in any manner communicate to any person, firm, corporation, association, partnership, or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of SPRAY-NET or in the operation of the Franchised Business, any of the Confidential Information and Trade Secrets. Associate further agrees not to use, copy, or imitate or cause or permit any other party to use, copy, or imitate, directly or indirectly, any confusingly similar method, website, format, procedure, technique, system, Mark, trade name, trade dress, mark, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of SPRAY-NET or its Affiliates.

(c) Required Action. Associate will adopt and implement all reasonable procedures prescribed by SPRAY-NET from time to time to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

3. COMPETITIVE ACTIVITY; NON-COMPETE.

(a) Definition. For purposes of this Agreement, a “**Competitive Activity**” means any direct or indirect, either for itself/herself/himself or on behalf or in conjunction with any other person, partnership, association or corporation possess, maintain engage in, lend money, lend its name, endorse any debt or obligation, provide aid or assistance, be employed, represent, participate or have an interest, of any nature whatsoever, in any enterprise (i) in which all or a substantial portion of its activities consist of the operating and/or the franchising of services that include spray painting, coating and staining the exterior covering of doors, windows and sidings of immovable structures which are primarily reserved for housing and which shall not exceed eight (8) floors; or (ii) which manufactures, distributes and/or sells paint products to be used primarily in connection with the painting of exterior covering of doors, windows and sidings.

(b) In Term Covenant. Associate acknowledges that SPRAY-NET will be unable to protect the Confidential Information and Trade Secrets and other confidential and proprietary elements of the Franchised Business and SPRAY-NET's proprietary information and achieve an exchange of ideas with Franchisee and Associate, if Associate were permitted to hold competitive interests or engage in Competitive Activities. Therefore, Associate hereby covenants and agrees that, so long as he/she/it is an Associate as defined in Section 1 of this Agreement, except while associated with or operating the Franchised Business in a manner authorized by SPRAY-NET, Associate will not engage, directly or indirectly, in any Competitive Activity anywhere other than as expressly authorized under this Agreement. Associate acknowledges that a violation of this section would constitute an unfair method of competition.

(c) Post Termination Covenant. For a period of two (2) years following the later of (1) the termination, transfer, or expiration of the Franchise Agreement; (2) the last date that Associate was an Associate as defined in Section 1 of this Agreement; (3) the last date Associate provides services to Franchisee; or (4) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, Associate shall not engage in any Competitive Activity within: (a) the Exclusive Territory; (b) within 50 miles of the outer boundaries of the Exclusive Territory; (c) within another franchisee owned, SPRAY-NET owned or SPRAY-NET Affiliate owned territory; and/or (d) 50 miles of the outer boundaries of another franchisee owned, SPRAY-NET owned or SPRAY-NET Affiliate owned territory.

4. NON- SOLICITATION AND NON-DISPARAGEMENT.

During the term of this Agreement, and for a period of one (1) year after any termination of this Agreement, the Associate undertakes not to: (a) divert or attempt to divert any business or any existing or potential customer of the Franchised Business to any competitor by direct or indirect offer or otherwise; (b)

employ or seek to employ any person who, at this time or at any time during the previous two (2) years is or was employed by SPRAY-NET, the Franchisee or one of SPRAY-NET'S franchisees, or otherwise encourage, directly or indirectly, such person to leave his employment; (c) use for any purpose other than for the sole purpose of operating the Franchised Business or divulge or communicate to any person, for any reason whatsoever, unless required by a specific provision at law or by court order, any Confidential Information or Trade Secrets; or (d) engage in any conduct (or assist others in engaging in any conduct) that involves the making or publishing of written or oral statements or remarks which are disparaging or damaging to the integrity, reputation or goodwill of SPRAY-NET, Franchisee, any of SPRAY-NET's affiliates, any of its directors, officers or employees, the Franchised Business or the Spray-Net Concept.

5. ACKNOWLEDGEMENTS. Associate acknowledges the following:

- (a) That Associate will be able to earn a livelihood without violating the foregoing restrictions;
- (b) That Associate's entire knowledge of the operation of the Franchised Business and the Confidential Information and Trade Secrets that Associate now or will obtain is derived from SPRAY-NET or its Associate's Confidential Information and Trade Secrets; and
- (c) Communication among SPRAY-NET, its Affiliates, Franchisee, Associate and SPRAY-NET's other franchisees and licensees will be chilled if it is perceived that Associate is violating this Agreement.

6. CONFORMING TO THE REQUIREMENTS OF LAW. The parties hereto acknowledge that they have attempted to limit Associate's right to compete only to the extent necessary to protect SPRAY-NET's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant is in any way disputed at any time, an arbitrator or court may modify and enforce the covenant to the extent that they believe to be reasonable under the circumstances existing at the time.

7. INJUNCTION. SPRAY-NET and its Affiliates must be protected against the potential for unfair competition by Associate's use of the Confidential Information and Trade Secrets in direct competition with SPRAY-NET or its Associates. Associate further acknowledges that SPRAY-NET would not have entered into the Franchise Agreement or shared (or permitted the sharing of) the Confidential Information and Trade Secrets with Associate absent Associate's agreement to strictly comply with the provisions of this Agreement. Associate acknowledges that as an Associate he/she/it will have access to SPRAY-NET's or its Affiliate's Confidential Information and Trade Secrets and therefore will be in a unique position to use the special knowledge gained as an Associate. Associate acknowledges that a breach of the covenants contained in this Agreement will be deemed to threaten immediate and substantial irreparable injury to SPRAY-NET and/or its Affiliates, which cannot be compensated by monetary damages. Accordingly, Associate agrees that SPRAY-NET and its Affiliates will have the right, without prior notice to Associate, to obtain immediate injunctive relief, including, preliminary, interim, interlocutory and permanent injunctive relief, without limiting any other rights or remedies it may have and without posting a bond.

8. EFFECT OF WAIVER. The waiver by Associate, Franchisee, SPRAY-NET or its Affiliates of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach thereof.

9. BINDING EFFECT. This Agreement will be binding upon and inure to the benefit of Associate, Franchisee, SPRAY-NET and its Affiliates, and their respective heirs, executors, representatives, successors, and assigns.

10. ENTIRE AGREEMENT. This Agreement and any documents referenced herein contain the entire agreement of Associate, Franchisee, and SPRAY-NET relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

11. GOVERNING LAW. This Agreement will be governed by and construed under the laws of the state of Delaware.

12. JURISDICTION AND VENUE. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of the State of Delaware, and irrevocably agrees that venue for any action or proceeding will be in the City and County of Wilmington. All parties waive any objection to the jurisdiction of these courts or to venue in Wilmington. Notwithstanding the foregoing, SPRAY-NET, its Affiliates or Franchisee may enforce this Agreement in any court of proper jurisdiction in the state where the Franchisee's Business is located.

13. SEVERABILITY. SPRAY-NET has attempted to limit the right to compete only to the extent necessary to protect SPRAY-NET's and its Affiliate's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, SPRAY-NET reserves the right to reduce the scope of said provision without Associate's or Franchisee's consent, at any time or times, effective immediately upon notice to Associate and Franchisee. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect SPRAY-NET, its Affiliates, and their successors and assigns and may be enforced by any of them.

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

15. LIQUIDATED DAMAGES. In addition to any remedies available to SPRAY-NET, if Associate fails to comply with the provisions in this Agreement, the liquidated damages provisions stipulated in Article 22 of the FRANCHISE AGREEMENT shall apply.

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

FRANCHISOR:

FRANCHISEE:

SPRAY-NET INC., a Delaware corporation

(Insert name of entity here)

By: _____
Patrice Belair
Vice-President

By: _____
Name: _____
Title: _____

Date: _____

ASSOCIATE:

By: _____

Name: _____
Title: _____

Schedule "F"

PERSONAL GUARANTEE

The undersigned, to induce the FRANCHISOR to enter into a franchise agreement with the FRANCHISEE as a Spray-Net franchisee (hereinafter, as same may be modified or amended from time to time, the "FRANCHISE AGREEMENT") as well as for other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, hereby provide the following guarantee in favour of the FRANCHISOR (the "GUARANTEE"), the whole in accordance with the following terms, conditions and stipulations. The undersigned acknowledges that this GUARANTEE has been included as a schedule to the FRANCHISE AGREEMENT and confirms having reviewed the FRANCHISE AGREEMENT in its entirety. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the FRANCHISE AGREEMENT:

1. We acknowledge having fully read and understood the FRANCHISE AGREEMENT and we undertake to fully comply therewith as if each of us were party thereto in the place of the FRANCHISEE.
2. We hereby agree with the FRANCHISOR that, at all times, we will (a) jointly and severally guarantee payment of all amounts, fees and other sums of any kind whatsoever which are payable by the FRANCHISEE pursuant to the FRANCHISE AGREEMENT and any other agreement (written or verbal) entered into between the FRANCHISOR and the FRANCHISEE (collectively, the "ANCILLARY AGREEMENTS") or otherwise, such payments to be made in a regular and timely manner; (b) jointly and severally guarantee prompt and full performance and compliance, and shall promptly and fully perform and comply with all the obligations, terms and conditions to which the FRANCHISEE is bound to perform or comply with pursuant to the FRANCHISE AGREEMENT and any ANCILLARY AGREEMENT; and (c) indemnify the FRANCHISOR and hold it harmless from any loss, cost or damage resulting from any act, omission, default or negligence on the part of the FRANCHISEE.
3. It is agreed that our obligations pursuant to this GUARANTEE shall not be released, discharged, reduced or modified as a result of any extension of time, delay of payment or modification which the FRANCHISOR may grant the FRANCHISEE, nor as a result of any waiver or omission on the part of the FRANCHISOR to perform or comply with any obligation, term or condition of the FRANCHISE AGREEMENT or any ANCILLARY AGREEMENT, nor as a result of any assignment, modification or amendment of the FRANCHISE AGREEMENT or any ANCILLARY AGREEMENT.
4. We expressly waive the right to receive any notice of default, non-performance, non-payment or non-compliance by the FRANCHISEE with respect to the obligations, terms and conditions imposed on it pursuant to the FRANCHISE AGREEMENT or any ANCILLARY AGREEMENT.
5. Should a default occur pursuant to the FRANCHISE AGREEMENT or any ANCILLARY AGREEMENT or pursuant to this GUARANTEE, we waive any right to require the FRANCHISOR (a) to institute proceedings against the FRANCHISEE or to exercise any right or recourse against the FRANCHISEE, (b) to institute proceedings against the FRANCHISEE or to exhaust any guarantee or security which it holds against the FRANCHISEE, or (c) to exercise any other recourse. The FRANCHISOR shall be entitled to avail itself of this GUARANTEE without taking into account any additional guarantee provided by the FRANCHISEE or any release of the FRANCHISEE by the FRANCHISOR or by any third party, or pursuant to law.

6. Without limiting the generality of the foregoing, the obligations imposed on us by this GUARANTEE shall not be deemed to have been subject to any waiver, discharge, release, reduction or modification resulting from the release of the FRANCHISEE pursuant to any receivership, bankruptcy, liquidation or other proceeding instituted by the FRANCHISEE'S creditors or as a result of the denial of a request made during any litigation for the cancellation or termination of the FRANCHISE AGREEMENT or ANCILLARY AGREEMENT, this GUARANTEE remaining in effect for as long as the FRANCHISEE has any obligation in favour of the FRANCHISOR.
7. We further waive the benefit of division and discussion and agree to be jointly, severally and indivisibly bound with the FRANCHISEE as regards to the performance of all its obligations pursuant to the FRANCHISE AGREEMENT and any ANCILLARY AGREEMENT.
8. No proceedings instituted pursuant to this GUARANTEE and no collection resulting therefrom shall constitute an exception to dismiss nor a defense with respect to any other proceedings, which may be instituted by virtue of this GUARANTEE pursuant to any other default hereunder or under the FRANCHISE AGREEMENT or any ANCILLARY AGREEMENT.
9. No amendment to this GUARANTEE shall take effect unless it is evidenced in writing and signed by the undersigned and the FRANCHISOR.
10. We also waive any right which we may have pursuant to law to terminate this GUARANTEE for so long as the FRANCHISOR shall not have released us, by means of a specific written document signed by it, from all of our obligations pursuant to this GUARANTEE.
11. We also acknowledge that this GUARANTEE was required by the FRANCHISOR and granted by us as an essential condition of the signing of the FRANCHISE AGREEMENT, that this GUARANTEE is not linked to our specific functions or positions within the FRANCHISEE and that, instead, it has been required and granted due to our solvency, the fact that, within the context of the FRANCHISE AGREEMENT, we may learn of trade secrets and other confidential information belonging to the FRANCHISOR and being of great significance to it, and as good and reasonable consideration for the transactions entered into this day between the FRANCHISOR and the FRANCHISEE. Therefore, we understand and agree that this GUARANTEE shall be irrevocable, and shall remain in full force and effect, notwithstanding the fact that we may cease to exercise our functions within the FRANCHISEE, until such time as the FRANCHISOR shall have released us from all our obligations hereunder by means of a specific written document signed by it.
12. The obligations, terms and conditions set forth in this GUARANTEE shall bind us and our heirs, executors, administrators, trustees, successors and permitted assigns, if any, jointly and severally; this GUARANTEE may be acted upon by the FRANCHISOR and its successors and permitted assigns, if any, and by any creditor, secured creditor or trustee pursuant to a trust deed or any other holder of rights and/or security in or on the FRANCHISOR'S rights under the FRANCHISE AGREEMENT.
13. Should two or more people sign this guarantee as guarantors, the liability of each pursuant hereto shall be joint and several. In addition, a default by any of the signatories hereto to fulfill any of its obligations hereunder in favour of the FRANCHISOR shall be deemed to be a joint and several default by all signatories hereto.

14. Moreover, all of the signatories hereto shall be deemed to be automatically in default as of the moment the FRANCHISEE shall be in default pursuant to the FRANCHISE AGREEMENT or shall have been put in default by the FRANCHISOR.
15. This GUARANTEE shall be construed in accordance with the provisions of the laws of the state of Delaware.
16. In particular, but without limiting the generality of the foregoing, we undertake to personally comply with any of the restrictive provisions, confidentiality provisions, restrictions on the transfer of shares and of interests and non-competition and non-solicitation provisions set forth in the FRANCHISE AGREEMENT. In addition, should we fail to comply with all the restrictive provisions, confidentiality provisions, restrictions on the transfer of shares and of interests and non-competition and non-solicitation provisions set forth in the FRANCHISE AGREEMENT, the liquidated damages provisions stipulated in Article 22 of the FRANCHISE AGREEMENT shall apply. We hereby acknowledge having read and understood the FRANCHISE AGREEMENT including, without limitation, all the subsections and articles to which this subsection refers.

Signature page follows

IN WITNESS WHEREOF, we have signed at _____, this ____ day of _____, 20 _____.

Witness

(Signature of the guarantor)

(Printed name of the guarantor)

(Complete postal address of the guarantor)

Witness

(Signature of the guarantor)

(Printed name of the guarantor)

(Complete postal address of the guarantor)

ACCEPTANCE

SPRAY-NET INC. hereby accepts the benefit of this guarantee in its favour.

SPRAY-NET INC.

Per: _____
Patrice Belair
Vice-President

Schedule "G"

Conditional Assignment of Telephone And Directory Listings, Etc.

In consideration of, and as an inducement to, the execution of the Franchise Agreement ("Agreement"), dated _____, 20_____, between SPRAY-NET INC. ("Assignee") and _____ ("Assignor"), this "**Conditional Assignment Of Telephone And Directory Listings, Etc.**" is made and entered into on even date herewith, between Assignee and Assignor. To the extent not defined herein, all capitalized references in this Conditional Assignment Of Telephone And Directory Listings, Etc. will have the meanings as defined in the Agreement.

Pursuant to the terms of the Agreement, and other valuable consideration, Assignor assigns to Assignee all telephone numbers, directory listings, fax numbers, Internet website addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Assignor in the operation of Assignor's Business. Assignee assumes the performance of all of the terms, covenants, and conditions of the telephone, directory, or other company with respect to any such listings with the same force and effect as if they had originally been issued to Assignee. This Conditional Assignment Of Telephone And Directory Listings, Etc. is valid on the effective date first set forth above and is, in all circumstances, irrevocable. Assignee may fill in, add, or change the effective date and the listings at any time. The telephone, directory, or other company involved with any such listings is hereby authorized by both Assignee and Assignor to rely on this Conditional Assignment Of Telephone And Directory Listings, Etc. Furthermore, both Assignee and Assignor will hold harmless and indemnify the telephone, directory, or other company involved with any such listings from any claims based on reliance on this Conditional Assignment Of Telephone And Directory Listings, Etc.

IN WITNESS WHEREOF, the parties have signed this Non-Disclosure and Non-Competition Agreement on the date first above written.

ASSIGNEE:

ASSIGNOR:

SPRAY-NET INC., a Delaware corporation

(Insert name of entity here)

By: _____
Patrice Belair
Vice-President

By: _____
Name: _____
Title: _____

Date: _____

Schedule "H"
State Law Rider

Schedule "I"

**EFT Authorization Agreement
(Direct Debits)**

The undersigned depositor ("Depositor") hereby authorizes SPRAY-NET INC. ("Company") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

Depository Branch

Address City, State, Zip Code

Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

Depositor

By:

Title:

Date:

Depository

By:

Title:

Date:

Schedule "J"
STATEMENT OF FRANCHISEE

**[Note: Dates and Answers Must be Completed in the
Prospective Franchisee's Own Handwriting]**

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, Spray-Net, Inc. (also called "Spray-Net" the "FRANCHISOR" or "we") and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

- | Date | Initials | |
|------------------|----------|---|
| 1. _____, 20____ | _____ | The date on which I received a Franchise Disclosure Document regarding the Spray-Net Franchise. |
| 2. _____, 20____ | _____ | The date of my first face-to-face meeting, if any, with a Spray-Net Marketing Representative to discuss a possible purchase of a Spray-Net Franchise. |
| 3. _____, 20____ | _____ | The date on which I received a completed copy (other than signatures) of the Franchise Agreement, which I later signed. |
| 4. _____, 20____ | _____ | The date on which I signed the Franchise Agreement. |
| 5. _____, 20____ | _____ | The earliest date on which I delivered cash, check or other consideration to the Spray-Net Marketing Representative or an officer of Spray-Net Inc. |

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "**side agreements**," options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly listed in the Franchise Agreement or an attached written Addendum signed by me and Spray-Net, except as follows: _____

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "**side agreements**" or otherwise which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of Spray-Net, were made to me by any person or entity, nor have I

relied in any way on same, except as follows: _____

(If none, you should write NONE in your own handwriting and initial.)

3. Except as listed in ITEM 19 of the Spray-Net Franchise Disclosure Document, no oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise,) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from Spray-Net Franchises, was made to me by any person or entity, nor have I relied in any way on any such, except as follows: _____

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as described in the Franchise Agreement or any attached written Addendum signed by me and Spray-Net: _____

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and Spray-Net has strongly recommended that I obtain such independent advice. I have also been strongly advised by Spray-Net to discuss my proposed purchase of a Spray-Net Franchise with any existing Spray-Net franchisees prior to signing any binding documents or paying any sums and Spray-Net has supplied me with a list of all existing franchisees if any exist.

7. I understand that a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a Spray-Net Franchise or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Spray-Net Franchise, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform Spray-Net (Phone: +1-438-825-7642) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

This Statement of Franchisee is not intended to limit any rights you may have under local law.

PROSPECTIVE FRANCHISEE:

MARKETING REPRESENTATIVE:

Date

Date

(Printed Name)

(Printed Name)

REVIEWED BY FRANCHISOR:

By: _____

Date

(Printed Name)

Its: _____

EXHIBIT C

SPRAY-NET INC.

**NON-COMPETITION, NON-SOLICITATION
AND CONFIDENTIALITY AGREEMENT**

**EXHIBIT C
SPRAY-NET INC.**

**NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY
AGREEMENT**

In consideration of, and as an inducement to, the execution of the SPRAY-NET INC. Franchise Agreement (“**Franchise Agreement**”), dated _____, 20_____, between SPRAY-NET INC. (“**SPRAY-NET**”) and _____ (“**Franchisee**”), this “Non-Competition, Non-Solicitation and Confidentiality Agreement” (“**Agreement**”) is made and entered into between SPRAY-NET, Franchisee and Associate. To the extent not defined herein, all capitalized references in this Agreement will have the meanings as defined in the Franchise Agreement.

RECITALS

A. SPRAY-NET owns, operates, and grants franchises for the establishment and operation of a business that provides residential spray painting, staining and coating for exterior covering of doors, windows and sidings under the Marks using the Confidential Information and Trade Secrets (“**Franchised Business**”).

B. SPRAY-NET’s Confidential Information and Trade Secrets are all operations, marketing, materials and data bases, advertising, development and related information which are developed and utilized in connection with the operation of the Franchised Business, the Operations Manual, all aspects of the Spray-Net Concept, all information regarding customers, the terms of the Franchise Agreement, and all SPRAY-NET or its Affiliates proprietary information (whether in print, electronic form, or oral).

C. SPRAY-NET and its Affiliates have established substantial goodwill and an excellent reputation with respect to the Marks, Confidential Information and Trade Secrets, which goodwill and reputation have been and will continue to be of major benefit to SPRAY-NET and its Affiliates.

THEREFORE, in consideration of the foregoing, the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate, Franchisee, and SPRAY-NET, intending legally to be bound, agrees as follows:

1. ASSOCIATE. The Associate is (a) the Designated Person; (b) if Franchisee is a corporation, partnership, limited liability company or other form of entity, a manager, officer, member, director, partner, shareholder, non-managing party, owner or any of the foregoing immediate family member who has access to the Confidential Information and/or Trade Secrets; (c) if Franchisee is an individual, the immediate family member of Franchisee who has access to the Confidential Information and/or Trade Secrets; (d) an employee, agent or contractor who has access to the Confidential Information and/or Trade Secrets; or (e) a Guarantor who has signed the Personal Guarantee attached as **Schedule “F”** to the Franchise Agreement.

2. **CONFIDENTIAL INFORMATION AND TRADE SECRETS.**

(a) Ownership. Associate acknowledges that Confidential Information and Trade Secrets are the unique, exclusive property and Trade Secrets of SPRAY-NET and/or SPRAY-NET's Affiliates. Associate further acknowledges that SPRAY-NET and its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that SPRAY-NET and its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

(b) Wrongful Use. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to SPRAY-NET and/or SPRAY-NET's Affiliates. Associate will not at any time, directly or indirectly, publish, disclose, divulge, or in any manner communicate to any person, firm, corporation, association, partnership, or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of SPRAY-NET or in the operation of the Franchised Business, any of the Confidential Information and Trade Secrets. Associate further agrees not to use, copy, or imitate or cause or permit any other party to use, copy, or imitate, directly or indirectly, any confusingly similar method, website, format, procedure, technique, system, Mark, trade name, trade dress, mark, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of SPRAY-NET or its Affiliates.

(c) Required Action. Associate will adopt and implement all reasonable procedures prescribed by SPRAY-NET from time to time to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets.

3. COMPETITIVE ACTIVITY; NON-COMPETE.

(a) Definition. For purposes of this Agreement, a “**Competitive Activity**” means any direct or indirect, either for itself/herself/himself or on behalf or in conjunction with any other person, partnership, association or corporation possess, maintain engage in, lend money, lend its name, endorse any debt or obligation, provide aid or assistance, be employed, represent, participate or have an interest, of any nature whatsoever, in any enterprise (i) in which all or a substantial portion of its activities consist of the operating and/or the franchising of services that include spray painting, coating and staining the exterior covering of doors, windows and sidings of immovable structures which are primarily reserved for housing and which shall not exceed eight (8) floors; or (ii) which manufactures, distributes and/or sells paint products to be used primarily in connection with the painting of exterior covering of doors, windows and sidings.

(b) In Term Covenant. Associate acknowledges that SPRAY-NET will be unable to protect the Confidential Information and Trade Secrets and other confidential and proprietary elements of the Franchised Business and SPRAY-NET’s proprietary information and achieve an exchange of ideas with Franchisee and Associate, if Associate were permitted to hold competitive interests or engage in Competitive Activities. Therefore, Associate hereby covenants and agrees that, so long as he/she/it is an Associate as defined in Section 1 of this Agreement, except while associated with or operating the Franchised Business in a manner authorized by SPRAY-NET, Associate will not engage, directly or indirectly, in any Competitive Activity anywhere other than as expressly authorized under this Agreement. Associate acknowledges that a violation of this section would constitute an unfair method of competition.

(c) Post Termination Covenant. For a period of two (2) years following the later of (1) the termination, transfer, or expiration of the Franchise Agreement; (2) the last date that Associate was an Associate as defined in Section 1 of this Agreement; (3) the last date Associate provides services to Franchisee; or (4) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, Associate shall not engage in any Competitive Activity within: (a) the Exclusive Territory; (b) within 50 miles of the outer boundaries of the Exclusive Territory; (c) another franchisee owned, SPRAY-NET owned or SPRAY-NET Affiliate owned territory; and (d) 50 miles of the outer boundaries of another franchisee owned, SPRAY-NET owned or SPRAY-NET Affiliate owned territory.

4. NON- SOLICITATION AND NON-DISPARAGEMENT.

During the term of this Agreement, and for a period of one (1) year after any termination of this Agreement, the Associate undertakes not to: (a) divert or attempt to divert any business or any existing or potential customer of the Franchised Business to any competitor by direct or indirect offer or otherwise; (b) employ or seek to employ any person who, at this time or at any time during the previous two (2) years is or was employed by SPRAY-NET, the Franchisee or one of SPRAY-NET'S franchisees, or otherwise encourage, directly or indirectly, such person to leave his employment; (c) use for any purpose other than for the sole purpose of operating the Franchised Business or divulge or communicate to any person, for any reason whatsoever, unless required by a specific provision at law or by court order, any Confidential Information or Trade Secrets; or (d) engage in any conduct (or assist others in engaging in any conduct) that involves the making or publishing of written or oral statements or remarks which are disparaging or damaging to the integrity, reputation or goodwill of SPRAY-NET, Franchisee, any of SPRAY-NET's affiliates, any of its directors, officers or employees, the Franchised Business or the Spray-Net Concept.

5. ACKNOWLEDGEMENTS. Associate acknowledges the following:

- (a) That Associate will be able to earn a livelihood without violating the foregoing restrictions;
- (b) That Associate's entire knowledge of the operation of the Franchised Business and the Confidential Information and Trades Secrets that Associate now or will obtain is derived from SPRAY-NET or its Associate's Confidential Information and Trade Secrets; and
- (c) Communication among SPRAY-NET, its Affiliates, Franchisee, Associate and SPRAY-NET's other franchisees and licensees will be chilled if it is perceived that Associate is violating this Agreement.

6. CONFORMING TO THE REQUIREMENTS OF LAW. The parties hereto acknowledge that they have attempted to limit Associate's right to compete only to the extent necessary to protect SPRAY-NET's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant is in any way disputed at any time, an arbitrator or court may modify and enforce the covenant to the extent that they believe to be reasonable under the circumstances existing at the time.

7. INJUNCTION. SPRAY-NET and its Affiliates must be protected against the potential for unfair competition by Associate's use of the Confidential Information and Trade Secrets in direct competition with SPRAY-NET or its Associates. Associate further acknowledges that SPRAY-NET would not have entered into the Franchise Agreement or shared (or permitted the sharing of) the Confidential Information and Trade Secrets with Associate absent Associate's agreement to strictly comply with the provisions of this Agreement. Associate acknowledges that as an Associate he/she/it will have access to SPRAY-NET's or its Affiliate's Confidential Information and Trade Secrets and therefore will be in a unique position to use the special knowledge gained as an Associate. Associate acknowledges that a breach of the covenants contained in this Agreement will be deemed to threaten immediate and substantial irreparable injury to SPRAY-NET and/or its Affiliates, which cannot be compensated by monetary damages. Accordingly, Associate agrees that SPRAY-NET and its Affiliates will have the right, without prior notice to Associate, to obtain immediate injunctive relief, including, preliminary, interim, interlocutory and permanent injunctive relief, without limiting any other rights or remedies it may have and without posting a bond.

8. EFFECT OF WAIVER. The waiver by Associate, Franchisee, SPRAY-NET or its Affiliates of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach thereof.

9. BINDING EFFECT. This Agreement will be binding upon and inure to the benefit of Associate, Franchisee, SPRAY-NET and its Affiliates, and their respective heirs, executors, representatives, successors, and assigns.

10. ENTIRE AGREEMENT. This Agreement and any documents referenced herein contain the entire agreement of Associate, Franchisee, and SPRAY-NET relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

11. GOVERNING LAW. This Agreement will be governed by and construed under the laws of the state of Delaware.

12. JURISDICTION AND VENUE. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of the State of Delaware, and irrevocably agrees that venue for any action or proceeding will be in the City and County of Wilmington. All parties waive any objection to the jurisdiction of these courts or to venue in Wilmington. Notwithstanding the foregoing, SPRAY-NET, its Affiliates or Franchisee may enforce this Agreement in any court of proper jurisdiction in the state where the Franchisee's Business is located.

13. SEVERABILITY. SPRAY-NET has attempted to limit the right to compete only to the extent necessary to protect SPRAY-NET's and its Affiliate's legitimate business interests. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant to the extent that the court believes to be reasonable under the circumstances existing at the time. In addition, SPRAY-NET reserves the right to reduce the scope of said provision without Associate's or Franchisee's consent, at any time or times, effective immediately upon notice to Associate and Franchisee. Each of the foregoing covenants is to be construed as severable and independent and is intended to protect SPRAY-NET, its Affiliates, and their successors and assigns and may be enforced by any of them.

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

15. LIQUIDATED DAMAGES. In addition to any remedies available to SPRAY-NET, if Associate fails to comply with the provisions in this Agreement, the liquidated damages provisions stipulated in Article 22 of the Franchise Agreement shall apply.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties have signed this Non-Disclosure and Non-Competition Agreement on the date first above written.

FRANCHISOR:

SPRAY-NET INC., a Delaware corporation

By: _____
Patrice Belair
Vice-President

Date: _____

FRANCHISEE:

(Insert name of entity here)

By: _____
Name: _____
Title: _____

ASSOCIATE:

By: _____

EXHIBIT D

SPRAY-NET INC.

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NOTE TO FRANCHISEE

Due to the proprietary nature of the operations manual contents, it must remain confidential.

EXHIBIT E
SPRAY-NET INC.
LIST OF FRANCHISEES

**LIST OF FRANCHISEES
AS OF OCTOBER 2016**

United States

None

EXHIBIT F

SPRAY-NET INC.

**LIST OF FRANCHISEES
WHO HAVE LEFT THE SYSTEM**

**LIST OF FRANCHISEES
WHO HAVE LEFT THE SYSTEM**

The following is a list of our Franchisees, in the United States who have left the system as of October 2016:

None

If you buy a Spray-Net Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT G

SPRAY-NET INC.

FINANCIAL STATEMENT

SPRAY NET, INC.
(A Development Stage Company)

FINANCIAL REPORT
AS OF OCTOBER 28, 2016



SPRAY NET, INC.
(A Development Stage Company)

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Independent Auditor's Report

To the Stockholder
Spray Net, Inc.
Wilmington, Delaware 19801

Report on the Financial Statements

We have audited the accompanying balance sheet of Spray Net, Inc. (a development stage company) as of October 28, 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statement referred to in the first paragraph above presents fairly, in all material respects, the financial position of Spray Net, Inc. (a development stage company) as of October 28, 2016 in conformity with accounting principles generally accepted in the United States of America.

Jones Group CPAs

Denver, Colorado
November 4, 2016

JONES GROUP
CPAs & Advisors

302 Elati Street Denver, CO 80223 Office 303.377.6488 Fax 303.377.6498 JonesGroupCPA.com

SPRAY NET, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET
AS OF OCTOBER 28, 2016

ASSETS:

CURRENT ASSETS

Cash and equivalents	\$ 100,000
----------------------	------------

TOTAL CURRENT ASSETS	100,000
-----------------------------	----------------

TOTAL ASSETS	\$ 100,000
---------------------	-------------------

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 24,540
------------------	-----------

TOTAL CURRENT LIABILITIES	24,540
----------------------------------	---------------

TOTAL LIABILITIES	24,540
--------------------------	---------------

STOCKHOLDERS' EQUITY

Common stock, no par value, 100 shares authorized, 50 shares issued and outstanding	100,000
--	---------

Accumulated deficit	(24,540)
---------------------	----------

TOTAL STOCKHOLDERS' EQUITY	75,460
-----------------------------------	---------------

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 100,000
---	-------------------

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

SPRAY NET, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENT

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

Spray-Net, Inc. ("Company") is a Delaware corporation that was incorporated on September 13, 2016 and intends to conduct business under its corporate name and d/b/a "Spray-Net." The Company does not engage in any other business activities and has not ever offered franchises in any other line of business.

The Company will offer franchises for the use of the "SPRAY NET™", tradenames, service marks and logos ("Marks") for the operation of a business that provides spray painting, coating and staining for exterior coverings of doors, windows and sidings for residential housing using a specially-developed exterior spray paint. The Spray-Net Franchise will operate using a mobile trailer unit equipped with supplies for use in providing the Services.

Parent and Affiliates

The Company has a Parent and nine affiliates: The Company's parent, Spray-Net International, Inc., ("SN International") a Canadian corporation incorporated on February 3, 2016. SN International was originally incorporated under the name Spray-Net USA, Inc. but changed its name on August 16, 2016. SN International licenses the Trademarks and management services to the Company and its Affiliates. SN International does not franchise in this or any other business.

The Company currently has nine affiliates, one affiliate is the parent of seven of the affiliates, three of which offer franchises exclusively in Canada similar to the franchise the Company will begin offering after it has completed all of its USA regulatory filing requirements. One affiliate is a Canadian franchise business similar to the franchise business that will be offered by the Company, one affiliate manages marketing funds for the Canadian franchisees, one affiliate distributes paint products and equipment exclusively to Canadian franchisees and one affiliate does research and development and owns proprietary rights to the paints used in the franchised businesses. One affiliate will distribute paint products and equipment directly to Spray-Net franchisees operating in the US.

A summary of significant accounting policies follows:

Financial Accounting Standards Board ("FASB") "Accounting Standards Codification™" (the "Codification" or "ASC")

The Codification is the single source of authoritative generally accepted accounting principles ("GAAP") recognized by the FASB, to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. The Codification became effective for interim and annual periods ending after September 15, 2009 and superseded all previously existing private company accounting and reporting standards. All other non-grandfathered accounting and reporting standards not included in the Codification is non-authoritative. All of our references to GAAP now use the specific Codification Topic or Section rather than prior accounting and reporting standards. The Codification did not change existing GAAP and, therefore, did not affect our financial position or results of operations.

SPRAY NET, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENT

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

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less at the date of purchase to be cash equivalents. The Company had no cash equivalents as of October 28, 2016.

Revenue Recognition and Deferred Revenue

Initial franchise fees will be recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed. Initial franchise fees collected by the Company before all material services and conditions are substantially performed will be recorded as deferred franchise sales revenue.

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally these services include assistance with site and equipment selection, operating, advertising, manuals and training.

Royalty fees will be recognized when earned and are based on a percentage of franchisee sales.

Income Taxes

The Company has adopted the liability method of accounting for income taxes pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, "Income Taxes." Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year or period end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years or periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

SPRAY NET, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENT

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

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. No allowance existed at October 2016.

The Company adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10-25 for "Accounting for Uncertainty in Income Taxes," ("FIN 48"). FIN 48 prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under FIN 48, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Company did not make any adjustment to opening retained earnings as a result of the implementation.

Based on its evaluation, the Company has concluded that at this time there is not a significant or uncertain U.S. Federal income tax position that requires recognition in its financial statements. The Company's evaluation was performed for the tax period from its inception, September 13, 2016 to October 28, 2016.

The Company does not have any unrecognized tax benefits as of October 28, 2016 which if recognized would affect the Company's effective income tax rate.

Recently issued accounting pronouncements

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

NOTE 2 - DEVELOPMENT STAGE OPERATIONS

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, Development Stage Entities. According to ASC 915 an enterprise shall be considered to be in the development stage if it is devoting substantially all of its effort to establishing a new business and planned principal operations have not commenced, or planned principal operations have commenced, but there has been no significant revenue there from.

From inception to this report date the Company did not have any revenues and did not have financial transactions beyond initial funding and expenditures to establish its existence. The Company's activities have been primarily focused on organizational tasks.

SPRAY NET, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENT

NOTE 2 - DEVELOPMENT STAGE OPERATIONS (CONTINUED)

During the development stage of the Company, certain administrative support and development functions of the Company were provided by SN International. It is expected that these costs will be charged back to the Company when amounts have been determined and can be fully allocated.

The financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statement does not give effect to any adjustments that might be necessary if the Company were unable to meet its obligations or continue operations.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Litigation

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

Commitments

As of this audit date the Company does not have any accrued legal fees.

NOTE 4 – SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through November 4, 2016, the date on which the financial statements were available to be issued.

EXHIBIT H

SPRAY- NET INC.

STATEMENT OF FRANCHISEE

**EXHIBIT H
SPRAY-NET INC.**

STATEMENT OF FRANCHISEE

**[Note: Dates and Answers Must be Completed in the
Prospective Franchisee's Own Handwriting]**

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, Spray-Net, Inc. (also called "**Spray-Net**," the "**FRANCHISOR**" or "**we**") and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

Date	Initials	
1. _____, 20____	_____	The date on which I received a Franchise Disclosure Document regarding the Spray-Net Franchise
2. _____, 20____	_____	The date of my first face-to-face meeting with Marketing Representative to discuss a possible purchase of a Spray-Net Franchise.
3. _____, 20____	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement, which I later signed.
4. _____, 20____	_____	The date on which I signed the Franchise Agreement.
5. _____, 20____	_____	The earliest date on which I delivered cash, check or other consideration to the Marketing Representative or an officer of Spray-Net, Inc.
—	_____	

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "**side agreements**," options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly listed in the Franchise Agreement or an attached written Addendum signed by me and Spray-Net, except _____ as _____ follows:

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "**side agreements**" or otherwise which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of Spray-Net, were made to me by any person or entity,

nor have I relied in any way on same, except as follows: _____

(If none, you should write NONE in your own handwriting and initial.)

3. Except as listed in ITEM 19 of the Spray-Net Franchise Disclosure Document, no oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise,) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from Spray-Net Franchises, was made to me by any person or entity, nor have I relied in any way on any such, except as follows:

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as described in the Franchise Agreement or any attached written Addendum signed by me and Spray-Net:

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and Spray-Net has strongly recommended that I obtain such independent advice. I have also been strongly advised by Spray-Net to discuss my proposed purchase of a Spray-Net Franchise with any existing Spray-Net franchisees prior to signing any binding documents or paying any sums and Spray-Net has supplied me with a list of all existing franchisees if any exist.

7. I understand that a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a Spray-Net Franchise or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Spray-Net Franchise, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform Spray-Net (Phone: +1-438-825-7642) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

This Statement of Franchisee is not intended to limit any rights you may have under local law.

PROSPECTIVE FRANCHISEE:

MARKETING REPRESENTATIVE:

Date

(Printed Name)

Date

(Printed Name)

REVIEWED BY FRANCHISOR:

By: _____

(Printed Name)

Date

Its: _____

EXHIBIT I

SPRAY-NET INC.

STATE-SPECIFIC ADDENDUM

EXHIBIT I

TO FRANCHISE DISCLOSURE DOCUMENT OF SPRAY-NET, INC.

STATE LAW ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND STATEMENT OF FRANCHISEE

The following modifications are to the SPRAY-NET, INC. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__, dated _____, and Statement of Franchisee.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the FDD.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which, in the case of the Franchise Agreement extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement require you to sign a general release of claims if you 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).

Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of the Franchise Agreement.

HAWAII

The following is added to the Cover Page:

“THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED WITHIN THE FRANCHISE

DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.”

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

D. This proposed registration is effective in the following states:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

E. This proposed registration is or will shortly be on file in the following states:

None

F. States which have refused, by order or otherwise, to register these franchises are:

None

G. States which have revoked or suspended the right to offer the franchises are:

None

H. States in which the proposed registration of these franchises has been withdrawn are:

None

ILLINOIS

Illinois law governs the agreement(s) between the parties to this franchise.

Any provision in the Franchise Agreement that designates' jurisdiction, limitation on actions, or venue, with the exception of arbitration proceedings, in a forum outside the State of Illinois are amended to state that Illinois law governs claims arising under the Illinois Franchise Disclosure Act or the Franchise Agreement.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly.

Section 5(2) of the Illinois Franchise Disclosure Act requires 14 calendar days' disclosure prior to the signing of a binding agreement or the payment of any fees to us. ITEM 23 of the Franchise Disclosure Document is amended accordingly, to the extent required by Illinois law.

Section 24.25 of the Franchise Agreement is supplemented to state that "any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation whichever shall first expire."

The "Summary" column in ITEM 17.t. of the Franchise Disclosure Document is deleted in its entirety and the following is substituted in its place:

"Only terms of the Franchise Disclosure Document and Franchise Agreement are binding (subject to FTC or Federal law). Any other promises may not be enforceable."

Section 24.5 of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

"The parties intend this Agreement and all attached exhibits to be the full and complete agreement between Franchisor and Franchisee and the entire integration of all their understandings of every nature concerning the matters contained in this Agreement or in any way related, whether occurring before or contemporaneously with the execution of this Agreement. No agreements, representations, negotiations, promises, commitments,

inducements, assurances, terms, conditions, or covenants of any nature exist between the parties except as specifically described in this Agreement and the Franchise Disclosure Document, whether pertaining to this Agreement or to any future, further or additional rights of the parties. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing. Notwithstanding the foregoing, nothing in this Agreement or any franchise agreement is intended to disclaim the express representations Franchisor made in its Franchise Disclosure Document.”

INDIANA

The “Summary” column in ITEM 17.r. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

“No competing business for two (2) years within the Exclusive Territory.”

The “Summary” column in ITEM 17.t. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

“Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.”

The “Summary” column in ITEM 17.u. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

“Except for certain claims, all disputes must be arbitrated in Indiana. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.”

The “Summary” column in ITEM 17.v. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

“Litigation regarding Franchise Agreement in Indiana; other litigation in Delaware. This language has been included in this Franchise Disclosure Document as a condition to registration.

The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.”

The “Summary” column in ITEM 17.w. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

“Indiana law applies to disputes covered by Indiana franchise laws; otherwise Delaware law applies.”

The following is hereby added at the end of Section 23.7 of the Franchise Agreement:

“excluding only such claims as the Franchisee may have that have arisen under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.”

Section 18.5.3 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

“18.5.3 Covenants Not to Compete. During the term of this Agreement and for two (2) years after termination, transfer, or expiration of this Agreement for any reason, neither Franchisee, nor persons associated with Franchisee, including owners, Designated Persons, employees or agents, may participate directly or indirectly or serve in any capacity in any business engaged in the sale of services or products the same as, similar to, or competitive with the Spray-Net Concept. This covenant not to compete applies: (i) during the term of the Agreement, within any state in which Franchisor, Franchisor’s affiliates, or franchisees do business; and after termination within the Franchisee’s Exclusive Territory; (ii) on the Internet; and (iii) in any other Multi-Area Marketing channels used by Franchisor.

This covenant not to compete is given in part in consideration for training and access to Franchisor’s Trade Secrets, and which, if used in a competitive business without paying royalties and other payments, would give Franchisee an unfair advantage over Franchisor and Franchisor’s franchisees and affiliates. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this

covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement.”

Section 23.4 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

“23.4 Forum

THE MEDIATION AND ARBITRATION PROCEEDING WILL TAKE PLACE IN INDIANA OR THE CITY NEAREST FRANCHISOR’S PRINCIPAL PLACE OF BUSINESS AT THE TIME AS DETERMINED BY THE MEDIATOR OR ARBITRATOR, AS THE CASE MAY BE, UNLESS THE PARTIES MUTUALLY AGREE TO ANOTHER LOCATION.”

Section 23.5 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

“23.5 Consent To Jurisdiction

FRANCHISEE AND FRANCHISEE DESIGNATED PERSON HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF THE COURTS IN INDIANA AND MEDIATION AND ARBITRATION IN INDIANA OR AS PROVIDED IN SECTIONS 23.2 OR 23.10. FRANCHISEE AND FRANCHISEE DESIGNATED PERSON HEREBY WAIVE ANY OBJECTION FRANCHISEE OR FRANCHISEE DESIGNATED PERSON MIGHT HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN SUCH COURTS.

Section 23.7 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

10.1. “23.7. Governing Law.

EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN SECTIONS 23.1, 23.12 AND THIS 23.5, ALL DISPUTES TO BE ARBITRATED BY FRANCHISEE AND FRANCHISOR PURSUANT TO THIS AGREEMENT WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT, AND NO PROCEDURAL ARBITRATION ISSUES ARE TO BE RESOLVED PURSUANT TO ANY STATE STATUTES, REGULATIONS, OR COMMON LAW. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, DISPUTES RELATED TO A BREACH OF THIS AGREEMENT GOVERNED BY THE INDIANA FRANCHISE DISCLOSURE LAW OR THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT SHALL BE GOVERNED THEREBY AND ALL OTHER MATTERS REGARDING THIS AGREEMENT SHALL BE INTERPRETED UNDER THE LAWS OF THE STATE OF DELAWARE, WHICH LAWS WILL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW.”

The following is hereby added at the end of Article 24 of the Franchise Agreement:

“Notwithstanding anything to the contrary in this provision, Franchisee does not waive any right under the Indiana statutes with regard to prior representations made by the Franchisor.”

Section 3(c) of the Nondisclosure And Noncompetition Agreement hereby deleted in its entirety and the following is substituted in its place:

“c. **Post Termination Covenant.** For a period of two (2) years following the later of (1) the termination, transfer, or expiration of this Franchise Agreement; (2) the last date that Associate was an Associate as defined in Section 1 of this Agreement; (3) the last date Associate provides services to Franchisee; or (4) the entry of a final order by an arbitrator or a court of competent jurisdiction enforcing this covenant, Associate shall not engage in any Competitive Activity within: (a) the Exclusive Territory.

Section 11 of the Non-Competition, Non-Solicitation And Confidentiality Agreement hereby deleted in its entirety and the following is substituted in its place:

“11. **Governing Law.** Except to the extent governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, this instrument shall be governed by and construed under the laws of the state of Delaware.”

Section 12 of the Non-Competition, Non-Solicitation And Confidentiality Agreement, “Jurisdiction and Venue,” is hereby deleted in its entirety.

MARYLAND

ITEM 17 of the Franchise Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Franchise Disclosure Document is amended to state that the release in the acknowledgement of termination shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Statement of Franchisee is amended to state that “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any 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.”

ITEM 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland

Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

The following sentence is added to the end of Article 21 of the Franchise Agreement:

“Provided, however, that this provision is not limited to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Laws.”

ITEM 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

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.*).

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months' advance notice of our intent not to renew the franchise.

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

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

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

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

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

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

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

ITEM 13 of the Franchise Disclosure Document and Section 15.5 of the Franchise Agreement are amended to state that we will protect you against claims of infringement or unfair competition regarding your use of the Marks when your right to use the Marks requires protection.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Section 24.25 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

Section 24.25 Limitations on Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding other than claims arising under Minn. Stat. §§ 80C.01-80C.22, which must be brought or instituted within a period of three (3) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding under Minn. Stat. §§ 80C.01-80C.22.

NEW YORK

The cover page of the Franchise Disclosure Document will be supplemented with the following, inserted at the bottom of the cover page:

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE DESCRIBED IN THIS PROSPECTUS. THE FRANCHISOR HAS BEEN IN EXISTENCE SINCE SEPTEMBER 2016.

ITEM 3 of the Franchise Disclosure Document is modified to read as follows:

Neither Spray-Net, Inc., its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Spray-Net, Inc.'s principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither Spray-Net, Inc., its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Spray-Net, Inc.'s principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law; fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Spray-Net, Inc., its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Spray-Net, Inc.'s principal trademark 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 injunction or restrictive order relating to any to the business activity as a result of an action brought by a public agency or department, including without limitation, action affecting a license as a real estate broker or sales agent.

ITEM 4 of the Franchise Disclosure Document is modified to read as follows:

Neither Spray-Net Inc., its affiliate, its predecessor, officers or general partner during the ten (10) year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer or a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

The following sentence is added to the end of the first paragraph of ITEM 5 of the Franchise Disclosure Document:

“We use the proceeds from your payment of the initial franchise fee to defray our costs and expenses for providing assistance to you and for other expenses.”

The first paragraph of ITEM 17 of the Franchise Disclosure Document is modified to read as follows:

“THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.”

ITEM 17.w of the Franchise Disclosure Document is revised to read as follows:

“The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33. This language has been included in this Franchise Disclosure Document as a condition of registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.”

The following shall be added at the end of Sections 23.7 of the Franchise Agreement:

“Provided, however, that all rights enjoyed by the Franchisee and any causes of action arising in the Franchisee’s 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 provision of GBL 687.4 and 687.5 be satisfied.”

After the first sentence of Section 24.4 of the Franchise Agreement, the following sentence shall be added:

“However, Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor’s breach of this Agreement or other civil wrongs committed by Franchisor.”

The following shall be added to Section 23.7 of the Franchise Agreement:

“However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law. This language has been included in this Franchise Disclosure Document as a condition of registration. Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.”

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE PROSPECTUS ANY MATERIAL FACT, NOR DOES THE PROSPECTUS CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

Sections of Franchise Disclosure Document and Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement, Non-Competition, Non-Solicitation And Confidentiality Agreement, contain a covenant not to compete, which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise requiring you to consent to a waiver of trial by jury, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “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.” The Franchise Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice

of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

WASHINGTON

Arbitration shall take place in the state of Washington, but only if “**in-state**” arbitration is a valid requirement of the Washington Franchise Investment Protection Act.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed in accordance with a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those, which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____, 20 ____, and of the Franchise Disclosure Document.

DATED this ____ day of _____, 20 ____.

FRANCHISOR:

FRANCHISEE:

SPRAY-NET, INC.

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT J

SPRAY-NET INC.

DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

This Deposit Agreement is entered into this _____ day of _____, 20____, by and between SPRAY-NET INC. (“We” or “Us”), and _____ (“You” or “Your”). You hereby acknowledge and agree as follows:

1. You have made application or expressed a desire to enter into a Franchise Agreement for a Spray-Net Franchise (“**Franchise**”) and you have had an opportunity to review our disclosure documentation that we provided to you more than 14 days prior to the date of this Deposit Agreement (“**Disclosure Documentation**”).
2. We hereby acknowledge receipt of the sum of Twenty Thousand Dollars (\$20,000) (“**Deposit**”) that you have deposited with us as an indication of your *bona fide* intent to enter into a franchise agreement (“**Franchise Agreement**”) with us on such terms and conditions as are generally contained in our standard form of Franchise Agreement.
3. You understand that, in reliance upon this Deposit Agreement, we may expend a substantial amount of time and expense in assisting you in undertaking various steps before granting you a Franchise and for reviewing and processing your application.
4. If you enter into a Franchise Agreement with us after we accept this Deposit Agreement, the entire amount of the Deposit without any interest or deduction whatsoever will be applied towards the Initial Training Fee, which will be governed consistent with the terms and conditions of the Franchise Agreement. The balance of the Initial Training Fee, if any, is due upon the execution of the Franchise Agreement.
5. If we do not award you a Franchise for any reason we will refund the Deposit to you less our expenses incurred to assist you with various steps and to review and process your application.
6. You understand that, prior to executing the Franchise Agreement, we or our subsidiaries or affiliates or our franchisees (“**Franchisees**”) have furnished, disclosed or otherwise imparted to you information and material pertaining to us, our methods of operation, techniques, know-how, promotion, and publicity, including, without limitation, the Disclosure Documentation which we consider to be a trade secret (collectively the “**System Information**”). You acknowledge that the System Information is of a proprietary and confidential nature constituting our trade secrets and having immeasurable value. Accordingly, in recognition of the provisions noted above and in consideration thereof, you agree to hold in confidence and keep secret the System Information that is disclosed or made known to you in the course of your discussions with us, the Franchisees, and our subsidiaries and affiliates, and you will not impart or make known any of the same or anything relating to the same to any person, firm, or corporation unless we authorize you to do so in writing or unless otherwise required by law.
7. You agree that you will retain and receive all the System Information for use only in connection with the business to be operated under the Spray Net Franchise applied for and will not use, directly or indirectly, the System Information for any other purpose without our prior written consent.

8. Upon termination of this Deposit Agreement for any reason whatsoever, you will promptly return the System Information to us, together with any copies thereof. Upon our request, you must sign a document in the form reasonably prescribed by us stating that all of the System Information has been returned and that any further System Information in your possession will be returned if discovered.

9. You acknowledge that consumer credit reports containing personal information are being or may be referred to in connection with this Deposit Agreement for a Spray-Net Franchise and you hereby consent to the disclosure of credit or personal information to any credit reporting agency or to any person with whom you have or propose to have financial relations. You agree to provide us with a copy of your social security number, or if you are a business entity, your employer identification number, or proof of citizenship, in order to enable us to verify your registered name for the purposes of properly conducting any such inquiries.

10. If you are a business entity, you agree to provide us with a copy of the articles of incorporation and bylaws, or your articles of organization and operating agreement, or your partnership agreement, as well as any other business documents we may reasonably request.

Dated at _____, this ____ day of _____, 20____.

Name of Applicant

By: _____

Its: _____

SPRAY-NET INC. hereby acknowledges receipt of the amount of the Deposit and agrees to consider you as a candidate for a Spray-Net Franchise.

Dated at _____, this ____ day of _____, 20____.

SPRAY-NET INC.

By: _____

Its: _____

EXHIBIT K

SPRAY-NET INC.

PROTECTED RIGHT TO ACQUIRE ADDITIONAL TERRITORY ADDENDUM

PROTECTED RIGHT TO ACQUIRE ADDITIONAL TERRITORY ADDENDUM

This Protected Right to Acquire Additional Territory Addendum (“ADDENDUM”) dated _____, 20____ between SPRAY-NET INC. (“FRANCHISOR”) and _____ (“FRANCHISEE”). To the extent not defined herein, all capitalized references in this ADDENDUM have the meanings defined in the FRANCHISE AGREEMENT.

RECITALS

FRANCHISOR and FRANCHISEE entered into that certain franchise agreement dated _____, 20____ (“FRANCHISE AGREEMENT”) pursuant to which FRANCHISEE will operate a FRANCHISED BUSINESS, as defined by the FRANCHISE AGREEMENT in the EXCLUSIVE TERRITORY set out in **Schedule “A”** of the FRANCHISE AGREEMENT.

FRANCHISOR, in its sole discretion, offers to certain qualified FRANCHISEES the opportunity to purchase one (1) additional territory to operate the FRANCHISED BUSINESS.

FRANCHISEE desires to acquire a one-time right to purchase one (1) additional territory to operate the FRANCHISED BUSINESS and FRANCHISOR desires to grant FRANCHISEE a one (1) time right to purchase one (1) additional territory to operate the FRANCHISED BUSINESS subject to the terms and conditions set out in this ADDENDUM.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, FRANCHISEE and FRANCHISOR agree as follows:

1. **ONE-TIME GRANT FOR ADDITIONAL TERRITORY.** In consideration of the ADDITIONAL TERRITORY MARKETING FEE, FRANCHISOR hereby grants to FRANCHISEE a one-time right to acquire the ADDITIONAL TERRITORY to operate the FRANCHISE BUSINESS. The right to acquire the ADDITIONAL TERRITORY cannot be exercised prior to the ADDITIONAL TERRITORY EXERCISE PERIOD.
2. **ADDITIONAL TERRITORY EXERCISE DATE.** If the CONDITIONS in Paragraph 5 hereof are met, FRANCHISEE may exercise the right to acquire the ADDITIONAL TERRITORY as described in Paragraph 1 of this ADDENDUM on the date that is the 12-month anniversary of the EFFECTIVE DATE in the FRANCHISE AGREEMENT.
3. **OPERATIONS IN THE ADDITIONAL TERRITORY PENDING THE ADDITIONAL TERRITORY EXERCISE DATE.** Subject to all the terms and conditions of the FRANCHISE AGREEMENT, including but not limited to Article 3 thereof, and provided FRANCHISEE is not in default of this ADDENDUM, from the EFFECTIVE DATE of the FRANCHISE AGREEMENT until the expiration of the ADDITIONAL TERRITORY EXERCISE DATE (“**PENDING PERIOD**”), FRANCHISOR will not operate or authorize a third party to operate a FRANCHISE in the ADDITIONAL TERRITORY. Subject to all the terms and conditions of the FRANCHISE AGREEMENT, during such PENDING PERIOD, FRANCHISEE may operate the FRANCHISED BUSINESS in the ADDITIONAL TERRITORY.
4. **ADDITIONAL TERRITORY MARKETING FEE.** FRANCHISEE will pay FRANCHISOR the ADDITIONAL TERRITORY MARKETING FEE in the amount of \$37,500 at the time FRANCHISEE

signs the FRANCHISE AGREEMENT. The ADDITIONAL TERRITORY MARKETING FEE is non-refundable.

5. CONDITIONS. FRANCHISEE may exercise its right to acquire the ADDITIONAL TERRITORY only if all the following conditions are met (“**CONDITIONS**”): (a) FRANCHISEE notifies FRANCHISOR in writing on the ADDITIONAL TERRITORY EXERCISE DATE that FRANCHISEE wants to exercise the right to purchase the ADDITIONAL TERRITORY; (b) FRANCHISEE is not in default of the FRANCHISE AGREEMENT or this ADDENDUM on the date that is the ADDITIONAL TERRITORY EXERCISE DATE or any period prior to such date; (c) FRANCHISEE is in compliance with the MINIMUM PERFORMANCE for its EXCLUSIVE TERRITORY and the ADDITIONAL TERRITORY in the amounts set out in Section 3.5 of the FRANCHISE AGREEMENT; (d) FRANCHISEE executes the ADDITIONAL TERRITORY AMENDMENT TO FRANCHISE AGREEMENT in the then-current form required by FRANCHISOR within ten (10) business days of receipt from FRANCHISOR; and (e) FRANCHISEE pays FRANCHISOR an additional territory fee of \$50,000 (“**ADDITIONAL TERRITORY FEE**”), the then-current EQUIPMENT FEE, the then-current STARTER KIT FEE and the YEAR TWO MARKETING FEE for the ADDITIONAL TERRITORY.

6. ADDITIONAL TERRITORY. The ADDITIONAL TERRITORY is set out on Exhibit “A” to this ADDENDUM.

7. GROSS INCOME IN THE ADDITIONAL TERRITORY. During any period that FRANCHISEE operates the FRANCHISED BUSINESS in the ADDITIONAL TERRITORY, including the PENDING PERIOD, all GROSS INCOME in the ADDITIONAL TERRITORY will be included in the GROSS INCOME calculation for purposes of ROYALTY, NATIONAL MARKETING FUND CONTRIBUTIONS, REGIONAL ADVERTISING FUND CONTRIBUTIONS, and FRANCHISEE ADVERTISING FEES.

8. ADDENDUM PERSONAL TO FRANCHISEE. This ADDENDUM is personal to FRANCHISEE. FRANCHISEE may not assign or otherwise transfer this ADDENDUM without FRANCHISOR’S approval, which may be withheld in FRANCHISOR’S sole discretion.

9. NO COERCION. The Parties acknowledge that they are freely and voluntarily entering into this ADDENDUM, uncoerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this ADDENDUM.

10. ADDENDUM BINDING. This ADDENDUM will be binding upon and inure to the benefit of each party.

11. COUNTERPART/FACSIMILE. This ADDENDUM may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This ADDENDUM shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party. Facsimile signatures and faxed transmissions executed shall have the same full force and effect as originally executed documents.

[signatures on the following page]

IN WITNESS WHEREOF, FRANCHISEE and FRANCHISOR have duly executed this AGREEMENT as of the date first above written.

FRANCHISEE:

SPRAY-NET INC.

(Insert name of entity)

By: _____

Name: _____

Title: _____

By: Patrice Bélair

Title: Vice-President

FRANCHISEE'S GUARANTORS:

EXHIBIT A

ADDITIONAL TERRITORY

_____ Seasonal

_____ Non-Seasonal

EXHIBIT L

SPRAY-NET INC.

ADDITIONAL TERRITORY AMENDMENT

ADDITIONAL TERRITORY AMENDMENT TO FRANCHISE AGREEMENT

This Additional Territory Amendment to Franchise Agreement (“AMENDMENT”) is dated _____, 20____ between SPRAY-NET INC. (“FRANCHISOR”) and _____ (“FRANCHISEE”). To the extent not defined herein, all capitalized references in this AMENDMENT have the meanings defined in the FRANCHISE AGREEMENT.

RECITALS

FRANCHISOR and FRANCHISEE entered into that certain franchise agreement dated _____, 20____ (“FRANCHISE AGREEMENT”) pursuant to which FRANCHISEE operates a FRANCHISED BUSINESS, as defined by the FRANCHISE AGREEMENT in the EXCLUSIVE TERRITORY set out in Schedule “A” of the FRANCHISE AGREEMENT.

FRANCHISOR and FRANCHISEE entered into that certain Protected Right to Acquire Additional Territory Addendum dated _____, 20____ (“PROTECTED RIGHT TO ACQUIRE ADDITIONAL TERRITORY ADDENDUM”) pursuant to which FRANCHISEE was granted the one-time right to acquire one additional territory described in Exhibit “A” to the PROTECTED RIGHT TO ACQUIRE ADDITIONAL TERRITORY ADDENDUM to operate the FRANCHISED BUSINESS.

FRANCHISEE desires to exercise the one time right to purchase the one additional territory described in the PROTECTED RIGHT TO ACQUIRE ADDITIONAL TERRITORY ADDENDUM to operate the FRANCHISED BUSINESS subject to the terms and conditions set out in this AMENDMENT.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, FRANCHISEE and FRANCHISOR agree as follows:

1. ADDITIONAL TERRITORY. In consideration of, and upon receipt of, the FEES described in Paragraph 2, FRANCHISOR grants FRANCHISEE the right to operate the FRANCHISED BUSINESS in the ADDITIONAL TERRITORY described in Exhibit A hereto subject to and in accordance with all terms, conditions and obligations set forth in the FRANCHISE AGREEMENT.

2. FEES. Contemporaneously with the execution of this AGREEMENT, FRANCHISEE will pay FRANCHISOR the following:

(a) the additional territory fee in the amount of \$50,000 (“ADDITIONAL TERRITORY FEE”);

(b) the current equipment fee in the amount specified by FRANCHISOR (“EQUIPMENT FEE”). FRANCHISOR will provide FRANCHISEE with the then current

EQUIPMENT for use in the FRANCHISED BUSINESS operated in the ADDITIONAL TERRITORY;

(c) the current starter kit fee in the amount specified by FRANCHISOR (“STARTER-KIT FEE”). FRANCHISOR will provide FRANCHISEE with the then current STARTER KIT for use in the FRANCHISED BUSINESS operated in the ADDITIONAL TERRITORY; and

(d) the current YEAR TWO MARKETING FEE for the ADDITIONAL TERRITORY.

3. MINIMUM PERFORMANCE. The FRANCHISEE will be required to meet the MINIMUM PERFORMANCE for the ADDITIONAL TERRITORY in the amounts set out in Section 3.5 of the FRANCHISE AGREEMENT. This MINIMUM PERFORMANCE requirement is in addition to the Minimum Performance requirement for the EXCLUSIVE TERRITORY.

4. GROSS INCOME. All GROSS INCOME generated from the ADDITIONAL TERRITORY will be included in the calculation of ROYALTY, NATIONAL MARKETING FUND CONTRIBUTIONS, REGIONAL ADVERTISING FUND CONTRIBUTIONS, and FRANCHISEE ADVERTISING FEES.

5. ADDITIONAL MARKETING FEES. FRANCHISEE will pay the current YEAR THREE MARKETING FEE for the ADDITIONAL TERRITORY on the date that is 24 months from the EFFECTIVE DATE of the FRANCHISE AGREEMENT.

6. AMENDMENT PERSONAL TO FRANCHISEE. This AMENDMENT is personal to FRANCHISEE. FRANCHISEE may not assign or otherwise transfer this AMENDMENT without FRANCHISOR’s approval, which may be withheld in FRANCHISOR’s sole discretion.

7. NO COERCION. The Parties acknowledge that they are freely and voluntarily entering into this AMENDMENT, uncoerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this AMENDMENT.

8. AMENDMENT BINDING. This AMENDMENT will be binding upon and inure to the benefit of each party. In the event of an inconsistency between a provision of the FRANCHISE AGREEMENT and a provision of this AMENDMENT, the provision of this AMENDMENT shall govern. The FRANCHISE AGREEMENT, as amended hereby, is ratified and continues in full force and effect.

9. NO FURTHER CHANGES. Except as specifically provided in this AMENDMENT, all of the terms, conditions and provisions of the FRANCHISE AGREEMENT will remain in full force and effect as originally written and signed.

10. COUNTERPART/FACSIMILE. This AMENDMENT may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This AMENDMENT shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party.

Facsimile signatures and faxed transmissions executed shall have the same full force and effect as originally executed documents.

FRANCHISEE:

SPRAY-NET INC.

(Insert name of entity)

By: _____

Name: _____

Title: _____

By: Patrice Bélair

Title: Vice-President

FRANCHISEE'S GUARANTORS:

EXHIBIT A
ADDITIONAL TERRITORY

_____ Seasonal
_____ Non-Seasonal

EXHIBIT M

SPRAY-NET INC.

RECEIPT

EXHIBIT M
RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Spray-Net offers you a franchise, Spray-Net must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Spray-Net or an affiliate of Spray-Net in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Spray-Net must provide this disclosure document to you at your first personal meeting to discuss the franchise.

If Spray-Net does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit A**.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Patrice Belair, 1490 De Coulomb, Boucherville, Quebec, Canada J4B 7M2 +1-438-825-7642

Stephane Drouin, 1490 De Coulomb, Boucherville, Quebec, Canada J4B 7M2 +1-514-754-0877

Issuance Date: **October 10, 2016**

See Exhibit A for our registered agents authorized to receive service of process.

I have received a disclosure document dated October 10, 2016 that included the following Exhibits:

- EXHIBIT A: List of State Administrator and Agents for Service of Process
- EXHIBIT B: Franchise Agreement
- EXHIBIT C: Non-Competition, Non-Solicitation and Confidentiality Agreement
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: List of Franchisees as of October 2016
- EXHIBIT F: Franchisees Who Have Left the System
- EXHIBIT G: Financial Statements
- EXHIBIT H: Statement of Franchisee
- EXHIBIT I: State-Specific Addenda
- EXHIBIT J: Deposit Agreement
- EXHIBIT K: Protected Right to Acquire Additional Territory Addendum
- EXHIBIT L: Additional Territory Amendment
- EXHIBIT M: Receipt

Date

Signature

Printed Name

Date

Signature

Printed Name

EXHIBIT M

RECEIPT (Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Spray-Net offers you a franchise, Spray-Net must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Spray-Net or an affiliate of Spray-Net in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Spray-Net must provide this disclosure document to you at your first personal meeting to discuss the franchise.

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- EXHIBIT L: Additional Territory Amendment
- EXHIBIT M: Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please return this copy of the receipt to Patrice Belair at 1490 De Coulomb, Boucherville, Quebec, Canada J4B 7M2