

DISCLOSURE DOCUMENT

OF

EmbroidMe[®]
EmbroidMe

Franchise Disclosure Document

EmbroidMe.com, Inc.
A Florida Corporation
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EmbroidMe®
EmbroidMe

The franchisee will own and operate an EmbroidMe® franchise which operates a full service retail embroidery business.

The total investment necessary to begin operation of an EmbroidMe store is from ~~\$93,674~~89,433 to ~~\$256,485~~213,985. These amounts include \$49,500 that must be paid to the Franchisor if you lease your equipment to ~~\$184,495~~139,495 that must be paid to the Franchisor if you purchase your equipment, and ~~\$0~~ to ~~\$2,500~~ that must be paid to the franchisor's affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact a Franchise Development Specialist at 2121 Vista Parkway, West Palm Beach, FL 33411, (888) 816-6749.

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

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

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

| Issue Date: ~~March 20, 2015~~ March 24, 2016

| EME – MULTISTATE - ~~2015~~ 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 G for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN FLORIDA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR TO LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See State Effective Dates on next page

STATE EFFECTIVE DATES

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

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

California	April 2, 2015 <u>Pending</u>
Hawaii	Pending April 21, 2015
Indiana	Pending April 11, 2015
Michigan	Pending April 8, 2015
Minnesota	Pending April 1, 2015
New York	Pending April 9, 2015
North Dakota	Pending March 26, 2015
Rhode Island	Pending March 25, 2015
South Dakota	Pending March 25, 2015
Virginia	Pending April 24, 2015
Wisconsin	Pending March 24, 2015

Illinois – see separate disclosure document

Maryland - see separate disclosure document

Washington - see separate disclosure document

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

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 the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the 'franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for a good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, First Floor
~~670 Law Building~~ 525 West Ottawa Street
Lansing, Michigan 48934
Telephone Number (517) 373-7117

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ATTACHED EXHIBITS:

Exhibit A	Franchise Agreement with Schedules and State Franchise Agreement Addenda
Exhibit B	Omni Leasing Equipment Lease <u>VFS Equipment Lease</u>
Exhibit C	Deposit Receipt
Exhibit D	Financial Statements
Exhibit E	List of Franchisees
Exhibit F	Table of Contents for Operating Manual
Exhibit G	Agents for Service of Process/State Administrators
Exhibit H	General Release Agreement
Exhibit I	List of Terminated, Cancelled or not Renewed Franchisees
Exhibit J	Compliance Certificate
<u>Exhibit K</u>	<u>Nondisclosure and Non-Competition Agreement</u>
Exhibit K <u>L</u>	Disclosure Document Addenda
Exhibit L <u>M</u>	Disclosure Document Receipt

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language of this Disclosure Document “EME,” “Company,” “us” or “we” refers to **EmbroidMe.com, Inc.**, (the “Franchisor”). “You” means the person, including any owner, partner or corporation who is looking at our franchise.

EME was incorporated in February 2000 in the State of Florida. Our principal place of business is 2121 Vista Parkway, West Palm Beach, Florida 33411. We do business under our corporate name, EmbroidMe and EmbroidMe.com. We do not have any predecessors or a parent entity. Our agents for service of process are listed in Exhibit G to this Disclosure Document.

COMPANY HISTORY

We grant franchises to qualified persons for the right to own and operate an EmbroidMe business (the “Business”) under the terms of our standard Franchise Agreement (a copy is attached as Exhibit A). We started granting EmbroidMe franchises in September 2000 and today have ~~270285~~ stores in ~~1140~~ countries.

We have not previously offered franchises in any other line of business. We opened the first EmbroidMe store as a company store in April 2000 in West Palm Beach, Florida and sold this store in August 2001 to a franchisee. We do not currently own and/or operate any EmbroidMe stores.

DESCRIPTION OF AN EMBROIDME BUSINESS

EME offers to you, our customer, the right to own and operate a full service EmbroidMe Store. In your Store you will use our trademark, trade name, proven and sophisticated procedures and trade secrets. You will service retail and business customers by providing them with embroidered, screen-printed apparel and/or advertising and promotional merchandise. This will include specific items such as golf/polo shirts, caps, jackets, denim, uniforms, logo reproduction, outerwear, towels, t-shirts, bags, aprons, photographic gifts, pens, mouse pads, cups/mugs and magnetic business cards. That’s quite a list of product offerings! Your competitors include independent embroidery shops, other franchisees of other embroidery businesses, certain catalog companies that embroider, uniform companies, and to a lesser degree, dry cleaners and alteration shops. Your customer base will primarily be small to medium sized businesses along with corporations, many of who have adopted the national trend toward corporate casual attire and logo wear and merchandise. The embroidery business has grown in recent years due to the trend towards casual attire and logo merchandise.

Many states and/or municipalities regulate embroidery and the retail sale of apparel. The State of California requires an embroidery shop to register as a garment manufacturer and pay an annual fee of \$750. There also will be other local, state and federal laws applicable to your EmbroidMe business. We encourage you to make further inquiries and seek legal counsel about these laws.

AFFILIATES AND SUBSIDIARIES

The Company is a member of the United Franchise Group, an affiliated group of companies which are located at 2121 Vista Parkway, West Palm Beach, Florida 33411, whose franchising companies are:

1. Sign*A*Rama Inc., (“Signarama”) the world’s largest franchisor of retail sign shops, that has been in franchising since 1987 and has ~~741704~~ locations in ~~2834~~ countries;
2. Transworld Business Advisors, LLC, (“TBA”) a franchisor of business brokerage agencies that also provide franchise referral lead services that has been franchising since December 2010 and currently has agencies servicing ~~184157~~ territories ~~within the U.S. and master licensees~~ in ~~89~~ countries;
3. Greener Energy, LLC d/b/a SuperGreen Solutions (“SuperGreen”), a franchisor of retail stores for energy efficient products and services that has been in franchising since April, 2012 and has ~~2845~~ stores in ~~84~~ countries; ~~and~~
4. Experimac Franchising, LLC, (“Experimac”) a franchisor of retail computer stores that buy, sell and repair pre-owned electronics that has been in franchising since October 2014 and ~~currently~~ has ~~119~~ locations ~~with additional locations in development.~~;
5. -J.S. Subs, LLC d/b/a Jon Smith Subs (“JSS”), a franchisor of restaurants offering made-to-order submarine sandwiches, grilled sandwiches, salads and other related foods and beverages, that has been franchising since February 2016 and currently has 6 locations; and
6. -Venture X Franchising, LLC, (“VTX”) a franchisor of co-working, collaborative office facilities, that has been franchising since March 2016 and currently has 1 location.

The Signarama, TBA, SuperGreen, ~~and~~ Experimac, JSS and VTX franchises are different businesses than the EmbroidMe business described in this Disclosure Document.

Our affiliate, Franchise Real Estate, Inc. (“Franchise Real Estate”) is a real estate services company which is located at 2121 Vista Parkway, West Palm Beach, Florida 33411. Franchise Real Estate offers real estate services and assistance to our franchisees including, retail site selection, lease negotiation, construction management, store design and layout, and assistance with obtaining building renovation costs.

We have not and none of these affiliates has offered franchises in any other line of business. None of these affiliates operates a business which is similar in nature to an EmbroidMe Store.

ITEM 2

BUSINESS EXPERIENCE

Raymond W. Titus – Chief Executive Officer and Director – West Palm Beach, FL

- Chairman of the Board for the Company since January 2008. President of the Company from February 2000 to December 2007.

- Chief Executive Officer of VTX since September 2015; JSS since April 2015 and Experimac since June 2013.
- Chief Executive Officer of Signarama since January 2008. President of Signarama from January 1995 to December 2007.
- Chief Executive Officer of Plan Ahead Events, Inc. (“PAE”), a franchisor of an event planning business, West Palm Beach, FL from April 2012 to February 2015. President of PAE from January to April 2012.
- Manager of TBA since October 2010.
- Chief Executive Officer of SuperGreen since October 2010.

Ellen Titus Lee – Secretary/Treasurer and Director – West Palm Beach, FL

- Secretary/Treasurer of the Company since its founding in February 2000.
- Director of Retail Operations for the Company from February 2000 to December 2006.

David Baxter – Chief Operating Officer – West Palm Beach, FL

- Chief Operating Officer of the Company, Signarama, TBA and SuperGreen since June 2012; VTX since September 2015; JSS since April 2015 and Experimac since June 2013.
- Chief Operating Officer of PAE from June 2012 to February 2015.
- Vice President of Operations for Accurate Septic Services, Fort Pierce, FL from October 2006 to June 2012.

Todd Newton – Chief Financial Officer – West Palm Beach, FL

- Chief Financial Officer of the Company and Signarama since January 2007; VTX since September 2015; JSS since April 2015; Experimac since June 2013; TBA and SuperGreen since October 2010.
- Chief Financial Officer of PAE from January 2007 to February 2015.

Mark Johnson – President – West Palm Beach, FL

- President of the Company since January 2008. Executive Vice President of the Company from October 2004 to December 2007.
- Executive Vice President of Signarama since March 2013.

Nick Bruckner, Sr. – ~~Sr.~~ Vice President of Sales – West Palm Beach, FL

- Sr. Vice President of Sales for the Company since October 2004.
- Sr. Vice President of Sales for VTX and JSS since December 2015; TBA and SuperGreen since February 2015; Experimac since July 2014; Signarama since January 2000; PAE from January 2008 to February 2015.

James Butler – Director of Sales – West Palm Beach, FL

- Director of Sales for the Company and Signarama since December 2013; Regional Vice President of the Company from January 2010 to December 2010 and from January 2008 to December 2008; Signarama from December 1994 to December 2010.
- Director of Sales for VTX and JSS since December 2015; TBA since February 2015; Experimac since July 2014; SuperGreen since March 2012.
- Regional Vice President of TBA from January 2011 to February 2012.
- Regional Vice President of PAE from January 2008 to December 2010.

Brian Dawson – Vice President of Operations – West Palm Beach, FL

- Vice President of Operations for the Company since June 2014.
- Owner/Partner of EmbroidMe in Roseville, MN from January 2004 to April 2014.

Gary Lengel – Executive Vice President – Florida Region

- Executive Vice President of the Company, Signarama, TBA, SuperGreen, Experimac, JSS and VTX since December 2015.
- Regional Vice President of the Company from December 2012 to November 2015.
- Executive Vice President of the Company from January 2010 to December 2012.
- Regional Vice President of TBA and Experimac from February 2015 to November 2015; SuperGreen from January 2014 to November 2015; Signarama from December 2009 to November 2015.

Sean Oatney – Executive Vice President – Monument, CO - Mountain Plains Region

- Executive Vice President of the Company, Signarama, TBA, SuperGreen, Experimac, VTX and JSS since December 2015.
- Regional Vice President for TBA and Experimac from February 2015 to November 2015; SuperGreen from January 2014 to November 2015; the Company and Signarama from December 2012 to November 2015.
- Executive Vice President of Signarama from June 2007 to December 2012.

Michael White – Executive Vice President – Durham, NC - Carolinas Region

- Executive Vice President of the Company, Signarama, TBA, SuperGreen, Experimac, VTX and JSS since December 2015.
- Regional Vice President of TBA and Experimac from February 2015 to November 2015; SuperGreen from January 2014 to November 2015.
- Regional Vice President of the Company and Signarama from December 2010 to November 2015.
- Regional Vice President of PAE from December to February 2015 and IZON Global Media, (“IZON”) a franchisor of advertising agencies, West Palm Beach, FL from December 2010 to February 2014.

Robert Cusick – Regional Vice President – Roswell, GA – Tennessee Region

- Regional Vice President of the Company, Signarama, SuperGreen, TBA and Experimac since February 2015.
- Regional Vice President of VTX and JSS since December 2015.
- Vice President of Empower, a software startup in Atlanta, GA from February 2014 to January 2015.
- Vice President and Director of Sales for Dex Media a media company in Cary, NC from October 2011 to January 2014.
- Vice President of Sales for Yellow 360 in Uniondale, NY from January 1999 to August 2011.

Glenn Leingang – Regional Vice President – Katy, TX - Louisiana Region

- Regional Vice President of the Company, Signarama, SuperGreen, TBA, Experimac, JSS and VTX since January 2016.
- Vice President of Sales for Regal Plastics in Houston, TX from May 2015 to January 2016.
- Director for Northwood Church in New Orleans, LA from January 2009 to January 2015.

Michael Greco – *Regional Vice President*

~~Regional Vice President for the Company, Signarama and SuperGreen since February 2014; Experimac since February 2015.~~

~~President of Me Cal, Inc., San Mateo, CA from January 2003 to September 2013.~~

Jeff Griffith – *Regional Vice President*

- ~~Regional Vice President of the Company, Signarama, SuperGreen and Experimac since February 2015; TBA since January 2013.~~
- Regional Vice President of JSS and VTX since December 2015.
- ~~Regional Vice President of Signarama from February 2012 to January 2013.~~
- ~~Business Broker with A.K. Goodwin Business & Financial, Charlotte, NC from July 2008 to January 2012.~~

Joel Kahn – *Regional Vice President*

- ~~Regional Vice President of the Company, Signarama, SuperGreen, TBA and Experimac since February 2015.~~
- ~~Owner of The Provident Team, a real estate company in Westerville, OH from October 2009 to February 2015.~~

Gary Lengel – *Regional Vice President – Florida Region*

- ~~Regional Vice President of the Company since December 2012.~~
- ~~Executive Vice President of the Company from January 2010 to December 2012.~~
- ~~Regional Vice President of TBA and Experimac since February 2015; SuperGreen since January 2014; Signarama since December 2009.~~
- ~~Executive Vice President of FranchiseMart, LLC, West Palm Beach, Florida, from June 2007 to December 2009.~~

Kenneth Lynch – *Regional Vice President – Ladera Ranch, CA – Central California Region*

- ~~Regional Vice President of the Company since January 2014.~~
- ~~Regional Vice President of VTX and JSS since December 2015; TBA and Experimac since February 2015; SuperGreen since January 2014; Signarama since October 2013.~~
- ~~Regional Sales Manager for Kaleidescape, Silicon Valley, CA from October 2011 to May 2013.~~
- ~~Independent Sales Consultant in Orange County, CA from May 2009 to October 2011.~~

Paul Mason – *Regional Vice President – Lafayette, CA – Pacific Northwest Region*

- Regional Vice President of the Company, Signarama, SuperGreen, TBA and Experimac since May 2015; and VTX and JSS since December 2015.
- President of Maintenance Systems Management, Inc., a maintenance contract broker in San Francisco, CA from January 2002 to April 2015.

Eric Meyer – *Regional Vice President – Downingtown, PA - NJ, PA Region*

- Regional Vice President of the Company, Signarama, SuperGreen, TBA and Experimac since August 2015; VTX and JSS since December 2015.
- Vice President of Service Brands International in Ann Arbor, MI from January 2014 to August 2015.

- Vice President of Franchise Development for AAMCO Transmissions in Horsham, PA from January 2013 to December 2013.
- Director of Franchise Development for Paul Davis Restoration in Jacksonville, FL from August 2010 to December 2013.
- Manager of Franchise Development for Maaco (Driven Brands) in King of Prussia, PA from April 2009 to August 2015.

Dan Nemunaitis – Regional Vice President – Crystal Lake, IL - Midwest Region

- Regional Vice President of the Company since December 2013
- Regional Vice President ~~for~~ of VTX and JSS since December 2015; TBA and Experimac since February 2015; SuperGreen since January 2014; Signarama since November 2011.
- Senior Director of Franchise Sales & Business Development for Global Recruiters Network, Downers Grove, IL from September 2004 to November 2011.

Sean Oatney – Regional Vice President – Mountain Plains and Pacific Northwest Regions

- ~~Regional Vice President of the Company and Signarama since December 2012.~~
- ~~Regional Vice President for TBA and Experimac since February 2015; SuperGreen since January 2014.~~
- ~~Executive Vice President of Signarama from June 2007 to December 2012.~~

Evan Opel – Regional Vice President – Midlothian, VA – Mid-Atlantic Region

- Regional Vice President of the Company, Signarama, TBA, SuperGreen, Experimac, VTX and JSS since December 2015.
- Regional Manager of Experimac from February 2015 to November 2015. the Company, Signarama, TBA and SuperGreen from March 2014 to November 2015.
- Regional Manager for PAE from October 2014 to February 2015.
- Account Executive for Holiday Signs, a sign manufacturer in Chester, VA from September 2006 to March 2014.

Sean Palmer – Regional Vice President – Seattle, WA - Pacific Northwest Region

- Regional Vice President of the Company, Signarama, EmbroidMe, SuperGreen, TBA, JSS and VTX since March 2016.
- Vice President of Sales – North America for Main Street Energy and Technologies, a reseller of energy efficient LED lighting in Birmingham, AL from December 2014 to February 2016.
- Founder and President of MOVEDADDY.COM, a moving and storage company in Birmingham, AL from January 2011 to November 2014.

Benjamin Padilla – Regional Vice President – Spring, TX – Houston Region

- Regional Vice President for the Company, Signarama and SuperGreen since February 2014.
- Regional Vice President ~~for~~ of VTX and JSS since December 2015; TBA and Experimac since February 2015.
- President of Restaurant Development Concepts, Inc. Consulting contracts with Syal & Sons, Inc. dba The Fish Place in Houston, TX from December 2012 to January 2014.
- President of Restaurant Development Concepts, Inc. dba Two Cities Grill & Cantina in Houston, TX from January 2009 to December 2012.

Mark Patek – Regional Vice President – Lees Summit, MO – Dallas Region

- Regional Vice President of the Company and Signarama since June 2014.
- Regional Vice President of VTX and JSS since December 2015; -TBA, SuperGreen, and Experimac since February 2015.
- Regional Sales Manager for 220 Companies/T-Mobile in Dallas, TX from December 2012 to June 2014.
- President of College Spirit in Overland Park, KS from September 2007 to November 2012.

David Ross – Regional Vice President – Londonderry, NH - New York and New England Region

- Regional Vice President of the Company since July 2004.
- Regional Vice President of VTX and JSS since December 2015; -Signarama since February 2015 and from 1993 to December 2012; TBA and Experimac since February 2015; SuperGreen since January 2014.
- Regional Vice President of PAE from January 2008 to December 2012.

Patrick Rozmus – Regional Vice President – Northeast Region

- ~~Regional Vice President of the Company since December 2013.~~
- ~~Regional Vice President of TBA and Experimac since February 2015; SuperGreen since January 2015; Signarama since November 2010.~~
- ~~Regional Director for Jani-King International, Inc., Addison, TX from June 2009 to November 2010.~~

Brannan Thomas – Regional Vice President – Atlanta, GA – Georgia Region

- Regional Vice President of the Company, Signarama, TBA, SuperGreen, Experimac, VTX and JSS since December 2015.
- Regional Manager for the Company and Signarama from March 2013 to November 2015.
- Franchise Development Representative for the Company, Signarama, SuperGreen and PAE from March 2013 to December 2013.
- Teacher/Coach for The King’s Academy, West Palm Beach, FL from January 2011 to March 2013.

Troy Thomas – Regional Vice President – West Palm Beach, FL - Mid-Atlantic/Florida Region

- Regional Vice President ~~for~~of the Company since January 2013.
- Regional Vice President ~~for~~of VTX and JSS since December 2015; TBA and Experimac since February 2015; SuperGreen since January 2014; Signarama since January 2013.
- Publisher for New Jersey Media Group, LLC, Cherry Hill, NJ from August 2011 to December 2012.
- Vice President of Business Development for American Newspaper Solutions, LLC, Detroit, MI from January 2004 to August 2011.

Jeffrey Thompson – Regional Vice President – St. Charles, MO – Missouri Region

- Regional Vice President of the Company, Signarama, SuperGreen, TBA, Experimac, JSS and VTX since January 2016.
- Owner of T & H Foundations, a concrete design company in St. Charles, MO from January 1996 to January 2015.

Todd Treml – Regional Vice President – Plymouth, MN - Midwest Region

- Regional Vice President of the Company, Signarama, SuperGreen, TBA, Experimac, JSS and VTX since January 2016.
- Franchise Development Director for Lift Brands, health and wellness businesses, in Chanhassen, MN from November 2014 to January 2016.
- Director of Buying Operations for Winmark Corporation; a franchisor of five retail resale businesses in Minneapolis, MN from July 1987 to September 2014.

Michael White – Regional Vice President – Carolinas Region

- Regional Vice President for the Company and Signarama since December 2010.
- Regional Vice President of TBA and Experimac since February 2015; SuperGreen since 2014.
- Regional Vice President of PAE from December to February 2015 and IZON Global Media, (“IZON”) a franchisor of advertising agencies, West Palm Beach, FL from December 2010 to February 2014.
- Regional Manager of the Company, Signarama, IZON and PAE from November 2008 to December 2010.

Andrew Beach – Regional Manager – Newport Beach, CA

- Regional Manager for the Company, Signarama, TBA, SuperGreen and Experimac since August 2015.
- Regional Manager for VTX and JSS since December 2015.
- Operations Advisor for TBA from February 2014 to August 2015.
- Franchise Development Representative for the Company, Signarama, SuperGreen and TBA from December 2013 to February 2014.
- Equipment Manager for Whitecaps, a sports equipment rental company in Palm Beach, FL from March 2013 to November 2013.
- VIP Tour Guide for Keylypso Charters in West Palm Beach, FL from March 2013 to November 2013
- Commodities Broker for Blackstone Group in West Palm Beach, FL from March 2012 to February 2013.

Dre Carter – Regional Manager – Ann Arbor, MI

- Regional Manager of the Company, Signarama, TBA, SuperGreen, Experimac, VTX and JSS since December 2015.
- Franchise Development Manager of the Company, Signarama, TBA, SuperGreen and Experimac from March 2015 to December 2015.
- Short term/Long term disability analyst for The Hartford Insurance Group, an insurance company in Lake Mary, FL from November 2014 to February 2015.
- Team member for Chick-fil-A, a fast food restaurant in West Palm Beach, FL from May 2011 to May 2014.
- Lifeguard for Adventure Island, a water park in Tampa, FL from June 2013 to August 2013.

Brady Lee – Corporate Regional Manager – West Palm Beach, FL

- Corporate Regional Manager for the Company, Signarama, TBA and SuperGreen since April 2014.

- Corporate Regional Manager for VTX and JSS since December 2015; -Experimac since September 2014.
- Corporate Regional Manager for PAE from December 2013 to April 2014.
- Director of Franchise Development – Australia for Signarama, EmbroidMe and PAE from December 2013 to April 2014.
- Client Account Specialist and Production Staff Member for Signarama sign center in Tallahassee, Florida from August 2012 to July 2014.
- Franchise Development Representative for Signarama, EmbroidMe, TBA, SuperGreen, PAE and IZON from June 2009 to November 2013.

Amber Mortensen – *Regional Manager*

- ~~Regional Manager for the Company, Signarama, TBA and SuperGreen since October 2014; Experimac since February 2015; PAE from October 2014 to February 2015.~~
- ~~Director of Operations for O'Rourke Investment Group (DBA McDonalds) in Phoenix, AZ from October 2012 to October, 2014.~~
- ~~Senior Sales Manager for Kumon Learning Center in Los Angeles, CA from October 2011 to October 2012.~~
- ~~Managing Partner for Franchise Force Consulting, LLC in Los Angeles from July 2010 to October 2011.~~
- ~~Regional Manager for the Company and Signarama from August 2005 to July 2010.~~

Jeremy Norfus – *Regional Manager – Phoenix, AZ*

- Regional Manager of the Company, Signarama, TBA and SuperGreen since December 2013; VTX and JSS since December 2015; Experimac since February 2015.
- Franchise Development Representative for the Company, SuperGreen and PAE from March 2013 to December 2013.
- Certified Aftercare Counselor at Crosspointe Elementary in Boynton Beach, FL from March 2013 to January 2014.
- Marketing Assistant at the University of Central Florida in Orlando, FL from September 2009 to December 2012.

Evan Opel – *Regional Manager*

- ~~Regional Manager of the Company, Signarama, TBA and SuperGreen since March 2014.~~
- ~~Regional Manager of Experimac February 2015.~~
- ~~Regional Manager for PAE from October 2014 to February 2015.~~
- ~~Account Executive for Holiday Signs, a sign manufacturer in Chester, VA from September 2006 to March 2014.~~

Lenny Patinella – *Regional Manager*

- ~~Regional Manager of the Company, Signarama, TBA, SuperGreen and Experimac since February 2015.~~
- ~~Regional Vice President of the Company from July 2012 to December 2014.~~
- ~~Director of Master Franchise Development for JPI, Inc. Alpharetta, GA. from January 2004 to June 2012.~~

Brannan Thomas – *Regional Manager*

- ~~Regional Manager for the Company and Signarama since March 2013.~~

- ~~Teacher/Coach for The King's Academy, West Palm Beach, FL from January 2011 to March 2013.~~
- ~~Football Coach for Cheyney University, Westchester, PA from August 2008 to December 2010.~~

ITEM 3

LITIGATION

A. Pending Litigation: None

B. Litigation Against Franchisees Commenced in the Past Fiscal Year:

~~Litigation to enforce non-competition covenant and to collect royalties and other sums~~

~~EmbroidMe.com, Inc. v. Nancy Vona and Nick Vona, No. 14-81060, United States District Court, Southern District Florida (Filed August 14, 2014)~~

~~Litigation to collect royalties and other sums~~

~~EmbroidMe.com, Inc. v. Matthew Ridnour, No. 550c114002876-00, Chesapeake Circuit Court, Virginia (Filed November 20, 2014)~~

~~EmbroidMe.com, Inc. v. Kevin McCashion and Daniel Satre, No. A00759/2014, Albany County Supreme Court, New York (Filed July 31, 2014)~~
~~EmbroidMe.com, Inc. v. Robert Karnila and Joanne Karnila, AAA Case No. 01-15-0006-0196 (Filed December 22, 2015)~~

C. Completed Litigation:

The matter of George and Natalia Apanel and GJA Enterprises, Inc. v. EmbroidMe.com, Inc., et al was filed in the District Court for the 11th Judicial District, Harris County, Texas on September 27, 2006 (however not served on EME until July 17, 2007). (Case No. 200661130). The Plaintiffs, who acquired an EME franchise in 2004 in connection with their purchase of an existing EME store in Houston, TX, alleged that EmbroidMe and the other defendants engaged in deceptive trade practices, fraud and negligent misrepresentation in connection with the sale of the business to the plaintiffs. The complaint sought damages for economic losses and mental anguish in an unstated amount and also sought exemplary damages and restitution in the amount of \$229,695. Prior to responding to the complaint, the ~~p~~ Plaintiffs and EME engaged in mediation of these claims. Subsequent to the mediation, ~~p~~ Plaintiffs and EME agreed to settle this matter by a dismissal with prejudice of all of the ~~p~~ Plaintiffs' claims and a payment by EME to the ~~p~~ Plaintiffs of the sum of \$30,000.

D. Restrictive Orders:

Federal Trade Commission, Plaintiff, v. Minuteman Press International, Inc., Speedy Sign-A-Rama, USA, Inc., Roy W. Titus and Jeffrey Haber, Defendants (CV 93-2496) Filed on June 4, 1993, in the

United States District Court, Eastern District of New York. The Federal Trade Commission complaint alleged that the Defendants violated Section 5(a) of the Federal Trade Commission Act and the Commission's Franchise Rule (16 CFR Part 436) by falsely representing to prospective franchisees potential gross sales levels and profitability of their franchise units, failing to disclose the obligation to pay a substantial transfer fee up on the resale of the franchise, and by making earnings claims without proper documentation and in contradiction of statements in their disclosure documents. On December 18, 1998, an injunction was filed prohibiting the Defendants, excluding Haber from doing the following: A. Making, or assisting in the making of, expressly or by implication, orally or in writing, to any prospective franchisee any statement or representation of past, present or future sales, income, or gross or net profits of any existing or prospective franchisee or group of franchisees, unless at the time of making such representation the defendant possesses written material that provides a reasonable basis for the representation. B. Violating any provision of the Franchise Rule 16 C.F.R. Part 436 or the Rule as it may later be amended and the disclosure requirements of the UFOC in effect at the time. C. Assessing or collecting a transfer/training fee from any franchisee who sells or assigns its franchise unless the selling franchisee received a copy of a disclosure statement indicating that such fee would be charged. D. Failing to monitor and investigate any complaints about compliance with the rule or the injunction. E. To cooperate with the Commission in the enforcement of this injunction.

Signarama entered into a consent order with the Securities Commissioner of Maryland in January of 1996. The matter is captioned In the Matter of Speedy Sign-A-Rama, USA, Inc. and is Case No. S-95-112. It is alleged in the consent order that Speedy sold four (4) franchises in the State of Maryland after its registration under the Maryland Franchise Law had lapsed, and before it was renewed. In settlement of the matter, and while neither admitting nor denying the findings in the order, Speedy agreed to offer rescission to the four (4) franchisees, adopt a compliance program intended to avoid unregistered sales and disclose the existence of the order in its franchise Disclosure Document under the Maryland Franchises Law. All four (4) Franchisees stayed with Signarama.

Other than these actions, no litigation is required to be disclosed in this item.

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ITEM 4

BANKRUPTCY

~~Michael Greco, a Regional Vice President of the Company, filed on May 6, 2013 a bankruptcy petition under Chapter 11 of the United States Bankruptcy Code (United States Bankruptcy Court for the Northern District of California, Case No. 13-31100). He was granted a discharge on January 14, 2015 and the case was closed. He was also an officer of Me Cal, Inc. which filed a petition for Chapter 11 bankruptcy on April 21, 2013 (United States Bankruptcy Court for the Northern District of California Case No.13-30940). This case was converted to Chapter 7 on October 4, 2013 and is still pending.~~

Sean Palmer, a Regional Vice President of the Company, filed on April 21, 2015 a bankruptcy petition under Chapter 7 of the United States Bankruptcy Code (United States Bankruptcy Court for the Northern District of Alabama, Case No. 15-01601-TOM7). He was discharged on July 20, 2015.

Troy Thomas, a Regional Vice President of the Company, filed on October 13, 2010 a bankruptcy petition under Chapter 7 of the United States Bankruptcy Code (United States Bankruptcy Court for the Eastern District of Michigan, Case No. 10-71480). He was discharged on January 4, 2011.

Except as set forth above, no bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Except as noted below, all franchisees purchasing a new EmbroidMe franchise pay an initial franchise fee of \$49,500 when they enter into our Franchise Agreement. Prior to signing the Franchise Agreement, you will be required to pay a \$5,500 deposit (commonly referred to as a “binder”). This binder is fully refundable if you do not purchase an EmbroidMe franchise. After we receive your binder, we assist you with your search for your Store location. On the date you enter into your Franchise Agreement, the binder is applied against the initial franchise fee leaving a remainder of \$44,000 which must be paid at the time of signing the Franchise Agreement. The initial franchise fee is non-refundable. All current owners pay a second-store franchise fee of \$25,500 that is nonrefundable and due at closing. Any conversion franchisee converting an existing embroidery business to an EmbroidMe franchise also will pay an initial franchise fee of \$25,500, which is nonrefundable and must be paid at the time of signing the Franchise Agreement. See Item 6 regarding payment of royalties by a conversion franchisee. In addition, if you are purchasing an existing resale outlet, the seller will pay to us \$29,500 or the then current transfer/training fee from the closing proceeds as described in Items 6 and 7.

Eligible United States military veterans will receive a discount of at least 10% of the standard franchise fee or transfer fee. An eligible veteran is a veteran who has received an honorable discharge. Owners in good standing of our affiliated brands (Signarama, TBA, SuperGreen and Experimac) purchasing our franchise will pay a franchise fee of \$25,500.

In addition to the initial franchise fee, you must purchase an equipment package from us, as further described in Items 7 and 8. The cost of the equipment package including shipping is ~~\$134,995~~\$89,995 plus taxes which is nonrefundable and due at closing (if purchased rather than leased). If leased, you will pay us a refundable down payment of \$12,500 at the time of signing

your Franchise Agreement. This down payment will be refunded to you when your lease is funded by the leasing company or credited against any down payment required by the leasing company. See Items 7 and 10 for information regarding leasing the equipment package.

Our affiliate, Franchise Real Estate assists our franchisees with site selection, lease negotiation, construction management, store design and layout and assistance with obtaining building renovation costs. Franchise Real Estate may be compensated by your landlord for their services, but if you retain another real estate company for this assistance, then you will be required pay a service charge to Franchise Real Estate for their pre-opening assistance of \$2,500. This service charge will be required to be paid prior to opening your Signarama Center and is non-refundable.

ITEM 6

OTHER FEES

Name of fee	Amount	Due Date	Remarks
Royalty ¹	6% of your gross revenues up to \$540,000 and 3% of your gross revenues from \$540,001 to \$1,000,000	Payable monthly on the 2 nd business day of the following month	Gross revenues include all revenue from the franchise location. Gross revenues do not include sales tax
Marketing Fee ²	1% of your gross revenues	Payable monthly on the 2 nd business day of the following month	See Item 11 for more information on marketing
POS Software & Website Maintenance Fee ³	\$199.00 per month or the then current fee	Payable monthly	Payable to EME and designated vendors
Transfer Fee	The greater of \$29,500 or then current transfer fee at time of transfer	Prior to consummation of transfer	Payable by the seller from the proceeds of the sale of the franchise
Online Sourcing Fee ⁴	Fees vary, currently approximate fee ranges from \$7949 to \$13969 per month	Payable monthly	Payable to designated vendor
<u>Microsoft Office 365 Business Subscription Fee⁵</u>	<u>Fees vary, currently approximate fee is \$300 annually</u>	<u>Payable annually</u>	<u>Payable to designated vendor</u>
<u>WorldEmbroidMe Expo Attendance⁵⁶</u>	\$1,000 to \$1,300	Payable prior to convention	Payable to EME, hotels and airlines

Email Account Fee ⁶⁷	\$1.00 per month per email address or then current fee	Payable monthly	Payable to designated vendor
Employee Training Fee ⁷⁸	\$ 200 225 or then current fee per person attending training plus travel & hotel expenses	Payable prior to start of training program	Payable to EME
Renewal Fee	\$1,500	30 days before renewal	To cover costs of closing and processing paper work

Name of fee	Amount	Due Date	Remarks
Audit ⁸⁹	Cost of audit plus interest on underpayment	Payable at the time of audit	Payable only if an audit shows an understatement of at least 2% on any one-month's reports

Unless indicated otherwise, the fees or payments listed above are nonrefundable. All of the fees listed above are uniformly applied to franchisees.

¹ Our Franchise Agreement requires you to pay to us a continuing royalty payable monthly. You are prohibited from offsetting or deducting this required royalty payment in any form or fashion. On the second business day of the following month, we will obtain from your computer by electronic polling your sales figures for the prior month and will withdraw the royalties, ~~and Marketing Fee and website maintenance fee~~ from your designated bank account. We may charge you interest and/or late fees if we are unable to withdraw the royalties and other amounts due to us in a timely manner. For a detailed definition of gross revenue, please see Section 10.D of ~~our~~the Franchise Agreement.

We have a unique royalty incentive program for the benefit of our Franchisees. If eligible, you will only pay 6% royalty on your annual gross ~~sales~~revenue up to \$540,000 of yearly gross revenue and 3% of your annual gross revenue from \$540,000 to \$1,000,000. (We call this a cap.) No royalty will be paid on your annual gross revenues in excess of \$1,000,000 Eligibility for this program is based on whether or not you are in compliance with the terms of your Franchise Agreement. Please note that the caps on royalties are subject to periodic review and change.

² This Marketing Fee is paid to EmbroidMe.com Advertising Fund, Inc., a Florida non-profit corporation, controlled by the EmbroidMe franchisees. This fee will be used for national advertising, Internet advertising and web hosting and development. See Item 11 for more information regarding this advertising fund. In addition, you will conduct your own local marketing as described in Item 11.

³ ~~The Software & Website Maintenance Fee is \$199.00 per month, for three licenses. This fee which includes is for the maintenance and hosting of 2 administrative licenses and 2 sales licenses for your point of sale system software and one website license. These licenses are initially provided to you as that are~~ part of the equipment package you are required to purchase. This fee can be increased by the vendors in the future. This fee ~~is~~ may also be increased if we introduce a new point of sale system or make major modifications to your point of sale system in the future.

⁴ The Online Sourcing Fee provides access to a promotional product sourcing data base maintained by a third party vendor. There are a number of third party vendors who offer promotional product sourcing data base subscriptions. Fees vary by vendor and also based on the number of users who will need access. Third party vendors may increase or decrease their fees in future years.

⁵ You will need to subscribe to Microsoft Office 365-Business Edition. Your subscription includes licenses for 3 users and includes Outlook, Word, Excel and Powerpoint as well as 1TB of file storage and 24/7 phone and web support.

⁶ ~~The WorldEmbroidMe Expo for franchisees of the Company and its affiliates' franchisees is held every 12-18 months. Attendance is mandatory under the terms of your Franchise Agreement.~~ Costs include admission fee, airfare, hotel, meals and incidentals.

⁶⁷—This fee can be increased in the future by the vendor.

⁷⁸—A training fee is charged for employees of a franchisee attending a training class or any additional persons who attend our initial training program with you.

⁸² You give us the right at all times to examine your financial books, bank accounts and records relating to the EmbroidMe Store together with the right to make copies. This right to audit shall also apply to any other business operated from your EmbroidMe store premises that is owned or controlled by you or a member of your family. This audit will be at our sole expense; provided, however, you will pay the reasonable cost of any audit where this audit discloses that you have paid less than 98% of your royalties in any one month. You will be required to maintain all of your financial records for a period of 6 years. In addition, you will be required to provide us with a profit and loss statement monthly and/or our EPOS sales report, as we may direct. You must also send to us financial reports annually in the form that we request (balance sheet, profit and loss statement, etc.).

If your franchise is located in a jurisdiction where the franchise fee, royalty or any other fees paid by you to us are subject to a tax, then you will be required to pay those taxes.

You must file all state, federal and local financial reports and returns that may be required by law relative to operating your EME Store. We have the right to request copies of all of these reports or returns.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount Estimated Range (Purchase)	Amount Estimated Range (Lease)	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$49,500	\$49,500	Lump sum	At signing of Franchise Agreement	EME
Travel and Living expenses while at training school ²	\$210 to \$490 (\$15 to \$35 per day)	\$210 to \$490 (\$15 to \$35 per day)	As incurred	During training	Restaurants, entertainment, etc.
Real Estate (Rental payments vary from location to location.) ³	Note 3	Note 3	Note 3	Note 3	Note 3
<u>Real Estate Service Charge³</u>	<u>\$0 to \$2,500</u>	<u>\$0 to \$2,500</u>	<u>Lump sum</u>	<u>Prior to opening</u>	<u>Franchise Real Estate, an affiliate of EME</u>
Leasehold Improvements ⁴	\$0 to \$10,000	\$0 to \$10,000	As incurred	As incurred prior to opening store	Landlord, contractors
Equipment Package ⁵	\$134,995 <u>\$89,995</u>	-0-	Lump sum	At closing	To EME if you choose to purchase your equipment outright
Equipment Package initial payments and Processing Fee (if leased) ⁵	-0-	\$6,964 to \$32,641 <u>\$2,723</u>	Lump sum	At signing of lease or loan	Payable to lessor if you choose a lease or loan to purchase your equipment

Type of expenditure	Amount Estimated Range (Purchase)	Amount Estimated Range (Lease)	Method of Payment	When Due	To Whom Payment is Made
Insurance ⁶	\$1,000 to \$2,000	\$1,000 to \$2,000	As arranged	As incurred	Supplier
Security Deposit/ Utility Deposits/ Licenses ⁷	\$500 to \$3,000	\$500 to \$3,000	As arranged	As incurred	Suppliers, utilities
Opening Supplies ⁸	\$500 to \$1,500	\$500 to \$1,500	Lump sum	As incurred	Supplier
Additional Funds (0-6 mos.) ⁹	\$35,000 to \$55,000	\$35,000 to \$55,000	As incurred	As incurred	Employees, suppliers and other third party vendors
Totals ¹⁰	Low = \$221,705 <u>176,705</u> High = \$256,485 <u>213,985</u>	Low = <u>\$93,674</u> <u>89,433</u> High = \$154,131 <u>126,713</u>			

(*NOTE: Your estimated initial investment will be \$20,000 lower if you are acquiring a second or additional EmbroidMe franchise (the difference between an initial franchise fee of \$49,500 and \$25,500).

(*NOTE: Your estimated initial investment for a conversion franchise will be significantly lower if you can continue to use your existing location and equipment and convert the business to an EmbroidMe Store. The total estimated initial investment for a conversion franchise is approximately \$29,500 to \$37,000, which includes the \$25,500 initial franchise fee and an amount for signage and other improvements to fit the EmbroidMe image. Your initial investment for a conversion franchise may be higher and may include most or all of the expenses noted in the Item 7 table if you are unable to use your existing location and equipment in the conversion.)

(Except where noted otherwise, all amounts that you pay to us are nonrefundable. Third party lessors and suppliers will decide if payments to them are refundable.)

¹ The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document. We do not offer financing for the initial franchise fee.

² We provide one round trip airfare to our Florida Corporate Headquarters where we hold our training. We also provide your hotel accommodations and one daily meal. The only costs that you will incur will be for your other daily meals, local transportation and your entertainment. Of course, these costs will vary depending upon your requirements.

³ A typical new EmbroidMe Store generally occupies 1,000 to 1,500 square feet of interior space with HVAC, lighting fixtures, electrical outlets and telephone wiring installed for your

business. Cost per square foot of leasing commercial space varies greatly depending on your location and the market conditions effecting commercial property at the time of your lease. We will help you find your location and then you and EME must both agree that it is the right place for you to open up your new business. Our affiliate, Franchise Real Estate, ~~may~~ assists you in locating and negotiating the lease for the premises, with construction management and store design layout and obtaining building renovation costs and, in some cases, may receive compensation from the landlord. If you retain another real estate services company to provide these services, you will be required to pay a service charge of \$2,500 to Franchise Real Estate as described in Item 5.

⁴ You will need to improve your Store premises to meet our specifications and standards, including changes to flooring, ceiling and walls, paint and electrical. The cost of the leasehold improvements will depend on a number of factors including the layout and condition of the premises, labor and material costs in the market where your Store will be located and the landlord's contribution to the cost of the improvements. In some cases, ~~you~~ Franchise Real Estate may be able to negotiate with the landlord to pay for all or a substantial portion of the improvements. Some required improvements such as exterior electrical signage, including installation, window graphics and slatted walls for displays are provided by us as part of the equipment package.

⁵ Leasing your equipment reduces your initial investment by spreading out monthly payments for the use of your Store's equipment, rather than paying an initial lump sum for the purchase. You may lease the equipment package through an outside leasing or finance company rather than paying the lump sum amount for purchase. Leasing the equipment does reduce your initial investment but likely will result in higher payments over the term of the lease because of interest payments and other charges. You and the lessor will determine the precise amount of any initial or periodic payments at the time of the transaction. The payments ordinarily are not refundable. Market forces will determine loan repayment totals and interest rates. We are not obligated to offer directly or indirectly any arrangements for financing of your initial investment, your equipment or the continuing operation of your franchise. We do not guarantee your note, lease or any other obligation.

The total cost of the equipment package is ~~\$134,995~~ \$89,995 plus any applicable sales and use taxes. We have arranged for equipment leasing through VFS, LLC, a division of Crestmark Bank ("VFS") ~~several different leasing companies.~~ We may also make arrangements through other lending sources in the future. The terms of payment and other conditions of an equipment lease vary by leasing company and are subject to change without notice. Equipment leasing companies require monthly lease payments over the term of the lease. For example, if you choose to lease through ~~Omni Leasing~~ VFS, ~~which is one of the leasing companies we have arrangements with,~~ you will pay a monthly lease payment of approximately \$3,307.223, plus any applicable sales and use taxes with a term of ~~60~~ 48 months. VFS ~~Many~~ equipment leases also contain a "buyout" or residual in the amount of ~~40~~ 15% of the original financed amount which is due at the end of the payment term. In addition, ~~VFS~~ leasing companies typically requires you to pay the first month's lease payment when you sign your lease documents ~~place a down payment equivalent to two monthly payments as first month payment and a last month payment security deposit plus a processing documentation fee of a few hundred dollars.~~ For example, ~~Omni Leasing's documentation fee is of \$350.00~~ 500. ~~Omni Leasing and other leasing companies also will require you and your spouse to personally guarantee your lease.~~ If you are married, VFS requires both you and your spouse to apply and be listed on the lease documents. You (and your spouse, if applicable) will also be required to personally guarantee your lease. Depending on your personal credit status, the leasing company may approve you for less than the full

~~amount of the equipment package. If you are approved for a lesser amount, you will be required to pay the remaining balance of the purchase price of the equipment package to us. require you to make an initial down payment of up to 20% of the cost of the equipment. If a 20% down payment is required by Omni Leasing, the monthly payment on the lease would be \$2,646, plus any applicable sales or use taxes. A copy of Omni Leasing VFS's equipment lease is included with this Disclosure Document as Exhibit B. Your lease may be prepaid at any time. However, you will still be responsible to pay the full amount of lease payments and, therefore, may not realize a savings by prepaying.~~

⁶ You are obligated under the Franchise Agreement to hold certain business insurance policies including comprehensive general liability policy, a policy covering “all risk” of physical loss and additional policies as may be required under your local laws or ordinances. The amount listed in this table reflects our estimate of basic insurance for your first six months of operation. Your expenses will vary depending on your exact requirements as dictated by your landlord and/or local insurance rates.

⁷ You will need to provide deposits for your real estate and your utilities. The amounts of these deposits will vary depending on the practices of your landlord and/or utility company. You must also register your business with the local county along with a fictitious name and other requirements of your local or state government. Each of these entities may charge a fee for your registration and/or certain taxes.

⁸ You will need to purchase miscellaneous supplies, including Store maintenance items, computer supplies and other office supplies required by any business.

⁹ You will need capital to support your ongoing expenses, e.g. payroll and utilities, to the extent that these costs are not covered by sales revenue when you first open. This figure does not include sums necessary for living or personal expenses nor payments for your debt service. New businesses often generate a negative cash flow for a time. We estimate the amount given will be sufficient to cover on-going expenses for the start-up phase of your business that we calculate to be up to 6 months. However, this is only an estimate and we cannot assure you that additional capital will not be necessary during your start-up phase. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the prevailing wage rate, the local market for the EmbroidMe Business, competition and sales levels reached during the start-up phase.

¹⁰ This total is an estimate of your initial investment and is based on our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document and our ~~45~~¹⁶ years of experience in the business. We encourage you to seek the advice of your business advisor, accountant or attorney to help formulate a business plan and a methodology of your business operation. ***Remember: A Business Plan is an important step in understanding your financial needs.*** You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and other local market conditions, which can be highly variable. You must bear any deviation or escalation in costs from the estimates in this Item 7.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to insure a uniform image and uniform quality of products and services in all EmbroidMe businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, you must improve and equip the building from which you operate the Business in accordance with our then current approved design specifications and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state or local laws.

You also must use equipment (which includes hardware and software for the computer system), signage, fixtures, furnishings, products, supplies, and marketing and sales promotion materials that meet our specifications and/or standards. The standards and specifications imposed on franchisees are formulated and modified based on the Company's experience and industry standards for quality and efficiency. The standards and specifications are issued to franchisees through the Operations Manual and by periodic informational updates. The Franchise Agreement requires you to sell or use only those products and services in connection with the EmbroidMe Marks and Business that we have approved in writing. The purpose of this requirement is to insure that all franchisees adhere to the uniformity requirements and quality standards associated with EmbroidMe businesses, and not to exercise any day-to-day control over the operation of your EmbroidMe business.

As noted in Items 5 and 7, you must buy ~~the~~ an Equipment Package from us. The ~~E~~quipment Package contains all of the equipment and supplies you will need to begin operations and is further described on Schedule A attached to the Franchise Agreement. For the year ended December 31, ~~2014~~2015, our gross revenue from the sale of equipment and supplies to franchisees was ~~\$2,211,922~~1,905,506 or ~~27.224~~27.224.9% of our total revenue of ~~\$8,121,915~~7,645,827. You must purchase point of sale system software maintenance services from us. For the year ended December 31, ~~2014~~2015, our gross revenue from franchisee purchases of these services was ~~\$65,572~~53,033 or ~~0.80~~0.80.7% of our total revenue of ~~\$8,121,915~~7,645,827. Our Chief Executive Officer, Raymond W. Titus, Secretary/Treasurer, Ellen Titus Lee and President, Mark Johnson, own an interest in our Company.

We require in the Franchise Agreement that you purchase at least 80% of your products and store supplies in the following categories from our approved suppliers:

- Clothing items
- Promotional Products
- Decoration supplies
- Machinery and equipment

You are required to use payroll services and credit card processing and merchant services vendors in your operations. We have approved suppliers for these services and for insurance, financing and bookkeeping software and website hosting and maintenance services. You must purchase website hosting and maintenance services from our approved suppliers and there is no alternate source of supply. You may purchase or obtain payroll services, merchant services, insurance, financing and bookkeeping software from our approved suppliers or another vendor of your choice. Neither the Company nor any of its affiliates are approved suppliers of these products and services and no officer of the Company owns an interest in any of the approved suppliers of these products or services. We reserve the right to add or delete categories of products, supplies and services which must be purchased from approved suppliers or from us. We locate our

approved suppliers through personal contact, franchisee referral, attendance at industry trade shows as well as other various means. We provide you with a list of the names, addresses, and phone numbers of local and national vendors approved for your use when you open your Store. Furthermore, in an effort to provide you additional benefits, we do interview, select, and negotiate prices, shipping and other terms with approved suppliers. For your convenience, we maintain an active electronic list of all approved vendors, specials they offer for our franchisees, as well as updating addresses and phone numbers. Although we reserve the right to do so in the future, we do not currently (i) provide written specifications standards or criteria for approving suppliers to franchisees, (ii) have a formal procedure for supplier approval, or (iii) charge fees for supplier approval.

We reserve the right to receive payments from approved suppliers in connection with franchisee purchases. The payments from these suppliers are expected to be in a range of 0-20% of the total purchases by franchisees from these suppliers. The approved suppliers may also sponsor events and/or rent booths at our franchise world expo or regional meetings and may advertise in publications issued by us. Except as disclosed above, we derive no revenue or other material benefit from approved suppliers that provide products or services to our franchisees. We do not provide material benefits to our franchisees based on a franchisees use of a designated or approved source. When your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8.

Except as described above, we do not require you to purchase your on-going supplies for the operation of your Store through us or from our approved suppliers, although you may purchase certain items from us.

We estimate that your purchase of equipment, products, supplies, and marketing materials from us or that meet our specifications and standards will represent approximately 75% to 90% or more of the cost to establish the franchise business and from approximately 25% to 40% of the cost to operate the franchise business on an ongoing basis.

The Franchise Agreement requires you to purchase and maintain liability insurance in an aggregate amount that we designate periodically, as described in Item 6. You also must purchase and maintain any other insurance required by any agreement related to the franchise business or law. You must furnish to us copies of all insurance policies. The insurance requirements are minimum requirements. You should consult with your local insurance agent and legal counsel to ensure your franchise business is adequately insured, you have all insurance required by law and under the terms of any agreement to which you are a party.

You may use only marketing and promotional materials that we have approved. (See Items 6 and 11 for more information on marketing).

There are no purchasing or distribution cooperatives in the franchise system that offer to you certain products used in the franchise business.

Our standards, specifications and designation of approved suppliers disclosed above are required for the purpose of protecting the goodwill associated with the EmbroidMe trademarks and to ensure a uniform image and uniform quality services in all EmbroidMe Stores. You are obligated to investigate and comply with federal, state and local laws and regulations and we will vary our standards, specifications and designations at your request if necessary to comply with any law or regulation.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a.	Site selection and acquisition/lease	Section 3	Items 7, 11 and 12
b.	Pre-opening purchase/leases	Section 6	Items 5, 7 and 8
c.	Site development and other pre-opening requirements	Section 6	Items 5, 7 and 11
d.	Initial and ongoing training	Sections 6.C, 7 and 8	Items 7 and 11
e.	Opening	Section 6	Item 11
f.	Fees	Section 10	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Sections 6, 11, 12 and 13	Item 11
h.	Trademarks and proprietary information	Sections 6.G, 6.H and 14	Items 13 and 14
i.	Restrictions on products/services offered	Section 6.R	Item 16
j.	Warranty and customer service requirements	Sections 6 and 21	Item 11
k.	Territorial development and sales quotas	Sections 1.C, 1.D and 6.T	Item 12
l.	Ongoing product/service purchases	Sections 6.A, 6.B, 6.F and 6.R	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 2.C, 6.J, 6.P, 6.Q, 6.S and 6.CC	Item 11

	OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
n.	Insurance	Section 13	Items <u>67</u> and <u>8</u>
o.	Advertising	Section 12	Item 11
p.	Indemnification	Section 6.AA	Item 6
q.	Owner's participation/ management/staffing	Sections 6.D, 6. NO and 6.T	Items 11 and 15
r.	Records and reports	Sections 10.F and 11.A	Item 6
s.	Inspection and audits	Section 11	Items 6 and 11
t.	Transfer	Section 15	Item 17
u.	Renewal	Sections 2.B, 2.C, 2.D and 2.E	Item 17
v.	Post-termination obligations	Section 17	Item 17
w.	Non-competition covenants	Section 17.F	Item 17
x.	Dispute resolution	Sections 25 and 26.D	Item 17
y.	Other	Not applicable	Not applicable

ITEM 10

FINANCING

We are not obligated to offer directly or indirectly any arrangements for financing of your initial investment, your equipment or the continuing operation of your franchise. We do not guarantee your note, lease or any other obligation. We have arranged for equipment leasing through ~~several equipment leasing companies~~ VFS, LLC, a division of Crestmark Bank ("VFS"). We may also arrange for equipment leasing through other lending sources in the future. ~~The terms of payment and other conditions of an equipment lease vary by leasing company and are subject to change without notice. Equipment leasing companies require monthly lease payments over the term of the lease.~~ If you choose to lease through VFS, you may finance the total purchase price of the equipment package which is \$89,995. The term of the lease is 48 months with a lease buyout option at the end of the lease equal to 15% of the financed amount. If you lease the full equipment package from VFS, your monthly payment will be approximately \$2,223 per month. For example, if you choose to lease through Omni Leasing, which is one of the leasing companies we have arrangements with, you will pay \$3,307 monthly, plus any applicable sales and use tax. The end of lease buyout is \$13,499. Depending on your personal credit status, a leasing company may require you to make an initial down payment of up to 20% of the cost of the equipment. If Omni Leasing required a 20% down payment, the monthly payment on the lease would be \$2,646

~~plus any applicable sales or use taxes. When you sign your equipment lease documents, you will be required to pay the first month's lease payment plus a processing fee of \$500. Payment factors and terms are subject to change without notice. Depending on your personal credit status and other qualifications, the leasing company may approve you for less than the full amount of the purchase price of the equipment package. If you are approved for a lesser amount, you will be required to pay the remaining cost of the equipment package, plus any applicable sales tax directly to us. A copy of Omni Leasing's equipment lease is included with this Disclosure Document as Exhibit B. This lease is for a term of 60 months. Your equipment lease agreement may contain a "buyout" or residual in the amount of 10% of the original financed amount due at the end of the payment term. The leasing company will typically require you to place a down payment equivalent to two monthly payments as first payment and a last payment security deposit. VFS and other leasing companies will require you to personally guarantee your lease. If you are married, your spouse will be required to apply for and be listed on the lease documents and also be required to personally guarantee the lease. It will also require you and your spouse to personally guarantee your lease. VFS will retain a security interest in the equipment. Upon~~
In the event of a default, VFS may~~the leasing company may~~ charge interest on the unpaid amount or rent at a rate of 18% per annum plus a 10% late ~~charge~~ fee; accelerate the payment of all remaining payments on the lease, and recover the equipment. You will also be responsible for their reasonable legal fees and expense incurred in enforcing the lease terms and recovering the equipment. The lease agreement does not require you to waive all defenses; however, it does require you to waive ~~your rights and remedies as a lessee available under the Uniform Commercial Code and~~ your right to a jury trial. The lease states that you are obligated to pay the lease payments without regard to any defense or counterclaim you may have. A copy of the equipment lease for ~~Omni Leasing~~VFS is included with this Disclosure Document as Exhibit B. Your lease may be prepaid at any time. However, you will still be responsible to pay the full amount of lease payments and, therefore, may not realize a savings by prepaying. ~~Omni Leasing and o~~Other equipment leasing companies may compensate EME for certain services provided by EME to the leasing company in connection with the equipment leasing process. EME does not receive any fees from VFS~~any leasing company~~ for referring a franchisee to it for financing or in connection with the equipment leasing process. EME and ~~VFS~~the equipment leasing companies are unrelated entities.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as provided below, EME is not required to provide you with any assistance.

PREOPENING OBLIGATIONS

Prior to opening your franchise to the public, we are required under the Franchise Agreement to provide the following assistance and service to you:

1. After you pay to us your fully refundable deposit of \$5,500, we begin the process of helping you find a location for your EmbroidMe Store. We do not own the location that you will lease. Your lease will be between you and the landlord. We will help you negotiate your lease. Both, you and we must approve selection of any proposed store site. We use our business experience, and also demographics of your community in helping you locate your site. However, we cannot guarantee the future. Our approval of any site does not constitute any form of guarantee that the EmbroidMe Store will be

- profitable at that location and you retain final approval of the site selected and leased by you. (See the Franchise Agreement Sections 3 and 4)
2. Once you select your Store location for your new EmbroidMe Store, we will assist you in planning your Store layout. (See the Franchise Agreement, Section 4.D) We provide consultation and advice regarding alterations, refurbishment, renovation and decoration of the Store. We do not provide assistance with regard to conforming the premises to local ordinances and building codes nor do we provide assistance with obtaining required permits.
 3. We ensure that once your build out is completed, your new Store meets our current standards. (See the Franchise Agreement, Sections 4.D and 4.G)
 4. Prior to opening your EmbroidMe Store we will bring you to our national headquarters in West Palm Beach, Florida for our extensive two-week training program. We will provide you with a hotel room and a daily meal during your stay. In addition, you will undergo what we believe is the most advanced, complete and best training in our business. (We will provide additional training for your employees at your expense). (See the Franchise Agreement Sections ~~4 and~~ 7)
 5. We assist you during your initial set up and operation of your EmbroidMe Store. We send qualified field/marketing representatives to your Store location for a minimum 80 hours during this period. (See the Franchise Agreement Section 4.F) Our representative(s) will help you with additional training, guidance on beginning your business, fitting your equipment, and other means of assistance.
 6. Regardless of whether you lease your equipment, or purchase it outright, all of your equipment will come from us. In addition, we will supply you with your opening inventory and supplies, except for a few miscellaneous items as part of the ~~Equipment Package~~ Equipment Package. (See the Franchise Agreement Sections ~~4 and 6~~ as well as Item 8 of this Disclosure Document). We deliver your opening package to your Store location and upon its arrival assist you in setting up your Store. Your website is included with your equipment package and will be installed and activated by us.
 7. We help you to locate local vendors, suppliers and contractors for the ongoing work of your EmbroidMe Store. (See the Franchise Agreement Section 4.I)
 8. Included in your opening package, we provide you with a suggested bookkeeping system. (See the Franchise Agreement Section 4.J)
 9. We provide you with a detailed operating manual together with other relevant manuals and written material which will aid you in the operation of your EmbroidMe Store. (See the Franchise Agreement Sections 4.K and 4.L)
 - ~~10. If you are acquiring a new store, we mail to local businesses in your marketing area a direct mail advertisement that we prepare for you including your EmbroidMe Store's address and telephone number.~~
 - ~~11.~~ 10. We provide an Internet marketing launch.
 - ~~12. We provide you with newspaper advertising and Yellow Page advertising in digital format for your use. (See the Franchise Agreement Sections 4.O and 4.P)~~

EME'S CONTINUING OBLIGATIONS

During the ongoing operation of your EmbroidMe Store, we are required by our Franchise Agreement to provide the following assistance and services to you.

1. We are constantly researching and developing ideas that we believe will improve our system. As we do so, we will provide you with details. In addition, we will periodically update your operating manual to reflect these alterations and/or improvements. (See the Franchise Agreement Section 5.A)
2. We will visit you in your Store ~~at least once each year~~ periodically in order to ascertain the progress of your EmbroidMe Store and to assist you. Furthermore, you may at any time request that we send out a field/marketing representative to aid you in your business. If we have a representative available at the time of your request, we will send them at an agreed to cost (See the Franchise Agreement Section 5.B)
3. As of the date of this Disclosure Document, we ~~provide~~ periodically host an our World EmbroidMe Expo convention and may also host regional EmbroidMe meetings for our franchisees. Regional meetings would generally not be held in the same year as our ~~World EmbroidMe~~ Expo convention. We invite vendors, suppliers and outside contractors to these meetings in order to make you aware of technological advancements and to potentially save you money on your ongoing supplies. In addition, we conduct seminars on many topics relating to your ongoing training and improved operation of your EmbroidMe Store. Furthermore, we update you on the progress of our corporation and the EmbroidMe system as a whole. In addition to our conventions, we may provide several seminars and smaller regional franchisee meetings for your benefit. All of these meetings occur from time to time at our discretion. We invite and encourage all of our franchisees to attend each of these conventions, meetings and seminars; ~~but attendance is not mandatory except that you are required to attend the World Expo for Embroidme franchisees and franchisees of our affiliated companies which is held every 12-18 months.~~ (See the Franchise Agreement Section 5.C ~~and Section 6.FF~~)
4. We will send you corporate news updates in electronic format from time to time. The corporate news updates contain useful and pertinent information relating to the ongoing operation of your EmbroidMe Store as well as money saving specials provided to you by outside vendors. (See the Franchise Agreement Section 5.D)
5. From time to time we will send you bulletins on sales and service methods, marketing development and techniques, and business and operating procedures. (See the Franchise Agreement Section 5.E)
6. We will offer you continual advice and technical assistance ~~and support~~ for all your EmbroidMe Store's equipment, hardware and software as well as for the embroidery processes by toll free telephone, and via the Internet. (See the Franchise Agreement Sections 5.F and G)

ADVERTISING

You are required to pay a marketing fee equal to 1% of your gross revenues to the EmbroidMe.com Advertising Fund, Inc., a Florida non-profit corporation, incorporated in November 2001 (the "Fund"). (See Items 6, 8 & 9 of this Disclosure Document) -This fee will be collected by automatic withdrawal from your designated bank account on the first day of each

month based on your sales for the prior month. This fee can be increased or decreased annually by the Board of Directors of the Fund but cannot be greater than 1% of your gross revenues unless approved by a vote of 75% of the franchisees present and voting at a meeting of the members of the Fund. If we were to open any company-owned stores, such stores would pay the same marketing fee as a new franchisee at that time.

The Fund shall use the marketing fees paid by franchisees for national advertising, pay per click and Internet advertising, search engine optimization and web hosting and development. Assets of the Fund cannot be used to solicit new franchisees for EME. The Fund has no obligation to spend any amount in your Designated Territory.

The Fund is organized on a membership basis with each EmbroidMe.com franchisee being a member and having voting rights. The Board of Directors of the Fund consists of seven voting members elected to ~~two~~—year terms by the franchisee members and one non-voting representative of our Company. The officers of the Fund must be incumbent members of the Board of Directors and are elected annually by the Board of Directors. The Board of Directors is responsible for the general supervision of the Fund and approves all marketing plans for the Fund. The By-laws of the Fund provide that the Board of Directors may hire an executive administrator to manage the financial and administrative functions of the Fund and an advertising agency to advise the Fund with regard to marketing campaigns, to assist in the development of advertising materials and to buy media time or space. It is presently contemplated that the marketing department of EME will perform these functions for the Fund until such time as the Fund has grown to a size to justify the hiring of such personnel. We will be reimbursed by the Fund for performing these functions in an amount to be negotiated with the Board of Directors of the Fund. We will also be reimbursed at cost by the Fund for any monies advanced by us to purchase materials or outside services for advertising or promotional programs of the Fund.

During calendar year ~~2014~~2015, expenditures by the Fund by category were as follows: advertising purchases ~~84.9~~84.8%, administrative fees 14.8% and banking and other fees ~~0.3~~0.4%. A copy of the un-audited financial statement of the Fund will be supplied to every franchisee upon request. A copy of the Fund's By-laws will be provided upon request to a franchisee.

You will be responsible for all of your own direct marketing and local advertising of the business. You must expend at least an amount equal to 5% of all gross revenues on direct marketing or local advertising (including public relations) in each year. ~~Of that 5%, at least half must be spent on digital advertising such as online advertising, pay per click, search engine optimization of your website, mobile marketing (text messaging) and establishment of QR codes.~~ For the purposes of this paragraph, the term “direct marketing or local marketing” shall mean all marketing and public relations costs, advertising and promotions effected through the medium of the Internet, mobile marketing, email and other digital communications media, local radio or television broadcasts, newspapers, periodicals, billboard advertising, sales commissions and public relations. Upon our request, you must submit to us an accounting of the monies you have spent, together with copies/proof of all marketing. We will not unreasonably withhold approval of any marketing materials that you propose to use, if your materials are factually accurate and current, conform to the highest standards of ethical marketing and all applicable laws and regulations, and are in good taste and accurately depict the EmbroidMe Marks. Our review and approval of your marketing materials is not a warranty of any kind. You are responsible for ensuring that your materials are factually accurate and current, and all materials and activities conform to the highest standards of ethical marketing and applicable laws and regulations.

EME also believes in and encourages you to participate in cooperative advertising where available. Although EME does not currently do so, EME also reserves the right to require regional marketing cooperatives to be formed, changed, dissolved or merged.

COMPUTER HARDWARE AND SOFTWARE SYSTEMS

You must install computer systems meeting our standards, as modified from time to time in response to business, operations and market conditions. The computer hardware and software systems described below are included in Schedule A to the Franchise Agreement. The cost of this hardware and software is \$9,488,14,135 which is included in the Schedule A equipment package price.

GRAPHIC DESIGN STATION AND PRINTER

~~The Graphic Design Station consists of a computer system with a large capacity hard drive and high resolution, color monitor and featuring a standard media disk drive system. Also included are a multi speed DVD/CD-ROM Drive and soundcard with speakers. This system is coupled with a Color High Resolution Flat Bed Scanner capable of accepting logo originals up to 8 1/2" x 11". The Graphic Design Station Printer is a versatile color printer used to generate a scaled proof of the finished design layout.~~

GRAPHIC DESIGN STATION

The **Graphic Design Station** consists of a High Speed Graphics Card and Intel Quad- Core Processor, 16GB Ram and large capacity SATA 3 hard drive with a high resolution LCD monitor. This station features a network interface card, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, all necessary cables, switches and installation. This computer also has a warranty of Onsite/In-Home Service after remote diagnosis for 3-years.

POINT OF SALE STATION

The **Point of Sale Station** consists of a high speed Intel processor and a **high resolution LCD monitor**. This station features a large capacity hard drive, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, soundcard, all necessary cables, switches and installation. This station operates the **Business Management Software P.O.S. (Point of Sale)**.

P.O.S. STATION LASER PRINTER

Invoices, quotation forms and record keeping reports are easily generated on this black and white laser printer that is linked to your **Point of Sale Station**.

POINT OF SALE STATION, MANAGEMENT AND MARKETING COMPUTERS

~~The Point Of Sale Station computer system operates the Business Management Software (Point of Sale) and is capable of using the Small Business Accounting and Payroll Program. Invoices, quotation forms, record keeping reports are generated on your P.O.S. Station Printer, a black and white laser printer.~~

~~The management computer sits on the owner's desk and allows access to the POS station computer system to work on invoices, estimates or production scheduling.~~

~~The marketing computer is a tablet which is specifically for your use in sales and marketing to grow and promote your business.~~

MANAGEMENT COMPUTER

The **Management Computer Station** consists of a high speed Intel processor and a **high resolution LCD monitor**. This station features a large capacity hard drive, a keyboard and

mouse set, a multi speed DVD/CD-RW Drive, soundcard, all necessary cables, switches and installation.

MARKETING TABLET

You will use a **Marketing Tablet** with Wi-Fi capabilities in your sales and marketing for the business.

NETWORK PRINTER

A Multi-Function **Wireless** printer/fax/scanner is networked to the work stations computers to print documents and pricing information. It makes short run copies, sends and receives faxes and scans documents to your computer.

IN STORE COMPUTER NETWORK & SWITCH

This upgrade to your computers allows you to share your printers and files over a computer network. The switch allows you to share files, and internet access over all the stores' computers. (DSL or Cable modem not included – Local Internet Service Provider required.)

The Franchise Agreement allows us to require you to upgrade your equipment at least once every three years without limitation on the cost of the upgrade. The annual cost of maintenance or upgrades to the computers and printers described above is approximately \$~~300.00~~750.

GRAPHIC DESIGN SOFTWARE PACKAGE

This package includes clip art and fonts for custom designs for heat transferred, promotional products and screen-printed items.

EMBROIDERY SOFTWARE

Included in this package is the **Embroidery Software** with a collection of embroidery fonts, which is used to design, edit and produce stitched designs for your customers.

CUSTOMIZED BUSINESS SOFTWARE

The **Business Management Software P.O.S.** (Point of Sale) is utilized to quickly and accurately price your customer's orders. In addition, your Business Management Software P.O.S. provides you with automated invoicing and customer tracking. The **Accounting Software** can be used to record monthly sales & expenses, generate business reports and customer mailing lists. The entire package has been designed to help your business run smoothly and efficiently. A monthly subscription is required for your maintenance and updates.

EMBROIDERY, DESIGN AND CUSTOMIZED BUSINESS SOFTWARE PACKAGE

~~Included in this package is the EMBROIDERY SOFTWARE, which is used to design and produce stitched designs for your customers. The software allows you to create and edit designs. Also included is a GRAPHIC DESIGN SOFTWARE package to design heat transferred and screen printed apparel. This includes standard clip art & fonts for transferred and screen printed items. The BUSINESS MANAGEMENT SOFTWARE P.O.S. is utilized to quickly and accurately price your customer's orders. In addition, the system provides you with automated invoicing and customer tracking.~~

PROMOTIONAL PRODUCT SOURCING SOFTWARE

This software will allow you to source promotional products by company name, keywords and price. Your first year is provided in the purchase of the equipment package and includes a PPAI membership. A continued yearly subscription is required for your maintenance and hosting.

MICROSOFT OFFICE 365 BUSINESS SUBSCRIPTION

One (1) year of Microsoft Office 365 Business subscription for 3 users includes the latest Desktop and Web version of Outlook, Word, Excel, and PowerPoint. One license cover 5 phones, 5 tablets & 5PC's or MAC's per user. 1TB file storage and 24/7 phone & web support. The subscription will help simplify your business with the ability to collaborate with your team, store files online, and give you the latest version of Microsoft Office Programs where and when you need them. A continued yearly subscription is required for your maintenance and hosting.

You will also receive access to our proprietary vendor/product-listing program known as O.S.C.A.R.-UFG Hub, which is used to easily sort vendor or product information with the click of a mouse. Internet based software such as the promotional product sourcing software, email, and your website software will require a yearly renewal fee at the then current rate. (See Item 6 of this Disclosure Document) –Our technical support crew will support all of these programs in addition to the companies that produce them. None of our software may be substituted. In addition, the Franchise Agreement allows us to require you to upgrade your software, and there are no contractual limitations on the frequency and cost. (See the Franchise Agreement Section 6)

EME will have independent access to the information and data that is electronically collected in the P.O.S. system.

We may modify our specifications for computer hardware and software systems and introduce new computer hardware and software systems. There are no contractual limitations on the frequency and cost of implementing modifications to our specifications for computer hardware and software systems.

SELECTION OF YOUR EMBROIDME STORE LOCATION

In assisting you to locate your Store site, we analyze extensive demographic information regarding your community. Our Regional Vice President assesses the demographics and then visits potential sites in your area with you. EME generally will respond within 30 days of your request for approval of a proposed site. If EME does not approve the site you proposed, EME will allow you to examine alternative sites for your Store. The Franchise Agreement does not have any provision that addresses termination if you do not select a site within a prescribed period.

You may locate your own site rather than utilizing our assistance. However, you and EME must mutually agree on your location prior to opening. Our approval is not a warranty or a guarantee of your success at your selected location, and you retain final approval of the site selected and leased by you.

We consider some of the following factors when assessing the acceptability of a store location:

- Population volume
- Business and commercial enterprises readily available
- Commercial income
- Competitive analysis
- Accessibility by car
- Accessibility by walk in traffic
- Financial institutions in the area
- Accessibility to Post Office, Banks and other businesses

- General cleanliness and security of the area
- Parking
- Sign exposure
- Square footage
- Rent
- Visibility
- Traffic
- Proximity to other EME's
- and others

We obtain our demographic information from some of the following sources:

- The U.S. Post Office
- Your local, state and national and international Chambers of Commerce
- Your local Better Business Bureau
- Newspaper
- Building and Development Departments
- Physical Inspections and Business Counts
- Professionally performed demographic surveys.
- Local business (traffic counts from next door neighbors).

An EmbroidMe franchisee is required to select their store location prior to attending our franchisee training school. Typically, during the two-week training period, either your landlord or professionals we hire are building out your Store location. The typical franchisee goes straight from training to their store location. The total time from the signing of the Franchise Agreement to the opening of a new Store location is typically two to four months. Factors that may affect this time period include the ability to procure and install equipment and computers, make acceptable financial arrangements, obtain any required approvals in zoning and/or building permits, as well as resolve other factors bearing on construction.

TRAINING PROGRAM

Prior to opening your EmbroidMe Store, you must attend and complete to our satisfaction the extensive training program held at our corporate headquarters in West Palm Beach, Florida. The training program must be completed at least one week prior to the opening of your business. If you purchased a new store, your training fees are covered in your initial franchise fee. If you purchased a resale, then your training fee was either paid by the seller or by you out of the proceeds of the sale. We will pay for your transportation to and from West Palm Beach, your hotel and one daily meal for the duration of the two-week training period. An additional trainee may attend the training program with you for a fee of ~~\$200~~225 per person and you will be responsible for their travel, lodging and meals expense.

Our training program will be offered twelve times during ~~2015~~2016. Although it is not required, you may attend a refresher-training program or send your representative to be trained at any time in the future. All you have to do is pay your travel, lodging, meals and a training fee if charged at that time. For a complete list of your rights and obligations under your Franchise Agreement in regard to training, please consult the Franchise Agreement Sections 7 and 8.

Monica Markulin is a training instructor for the Company. She joined the Company in 2001 after working in the embroidery industry for 16 years. At EME she has been a training instructor and technical advisor.

TRAINING PROGRAM

SUBJECT	CLASSROOM HOURS	ON THE JOB HOURS	LOCATION
Introduction/Orientation	2	0	West Palm Beach
Business Planning ³	2	0	West Palm Beach
Sales ²	6	2	West Palm Beach
Goals Setting ³	1.5	1	West Palm Beach
Time Management ^{1, 3}	1	1	West Palm Beach
Pricing ²	5	5	West Palm Beach
Project Management ³	1.5	0	West Palm Beach
Production ¹	6	6	West Palm Beach
Products/Suppliers ¹	5	5	West Palm Beach
Customer Service/Retention ^{3, 2}	2	2	West Palm Beach
Financial Management ³	5	3	West Palm Beach
Operations Overview ^{3, 2}	2	0	West Palm Beach
Marketing ²	6	3	West Palm Beach
Personnel ³	4	0	West Palm Beach
Internet Marketing	2	0	West Palm Beach
Totals	51	28	

¹Production end of the business

- How to design
- How to put projects together
- How to sell to a walk-in customer
- What materials to use for different orders

²Marketing and promotion of the business

- Basic sales principles
- How to price different leads for apparel sales
- Learning about products sold but not made at your location
- Dealing with outside apparel vendors

³Business management end of the business

- How to schedule jobs and organize production flow
- Doing the bookkeeping for the business
- Franchisor support services

All of the training hours listed above (79 hours) are provided in our training facility in West Palm Beach, Florida. If a production employee is sent to school, 20 hours of on-the-job production training is substituted for certain classroom hours. Our field representatives provide additional training during the initial set-up of your store. (See Franchise Agreement, Section 4.F)

Our initial and continuing training programs disclosed above are provided so that you and your representatives receive the benefit of our accumulated experience and knowledge relating to the EmbroidMe business and to ensure a uniform image and uniform quality of services in all EmbroidMe Stores. You are solely responsible for training your own representatives and employees. We are not an employer, co-employer or joint employer with you of your employees. You are solely responsible for all employment matters, decisions and relationships.

OPERATING MANUAL

A copy of the table of contents of our Operations Manual is attached to this Disclosure Document as Exhibit F. The Operations Manual contains ~~298~~314 pages.

ITEM 12

TERRITORY

You are granted the right to operate an EmbroidMe Business from your Store site within a Designated Territory. Your Designated Territory will be a geographic area around the premises of your EmbroidMe Store. The area may consist of a specific mile radius or other area defined by city limits, highways or streets, zip codes, or other similar factors as we may determine. There is no minimum size for a Designated Territory and the size of Your Designated Territory will vary depending on the population and business counts.

During the term of your Franchise Agreement, we will not establish either a company or affiliate owned “EmbroidMe” business, or another “EmbroidMe” franchise within your Designated Territory. We will not modify your Designated Territory without your written permission, provided that you are in complete compliance with the terms and conditions of your Franchise Agreement.

The continuation of your franchise and your Designated Territory is not specifically dependent upon the penetration of the potential market, any sales performance target or any other contingencies, although, in the future, we may establish performance standards for any national or commercial accounts for the EmbroidMe system. Those standards will be communicated to you through the Operating Manual or otherwise in writing.

Your Designated Territory is not an exclusive territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. You should be aware that certain Signarama franchisees licensed by our affiliate, Sign*A*Rama Inc., offer and sell advertising specialties and other products that will be similar to the products and services you provide to your customers. These products should be a small part of their business, if at all, because they are in the retail sign business.

Although we do not do any of the following, as of the date of this Disclosure Document, we or our affiliates reserve the right in your Designated Territory to establish and/or operate (i) franchises or company-owned businesses other than an embroidery and logo-wear business under any trademarks or trade names; (ii) contract embroidery houses/businesses under any trademarks except the EmbroidMe Marks, although these contract houses will not focus on retail customers; and (iii) similar franchised or company-owned embroidery and logo-wear businesses under any trademark or trade name other than the EmbroidMe name but only if these businesses are acquired as part of a merger or acquisition with another local, regional or national chain or system. We also reserve the right to develop and operate and to franchise or license others to develop and operate the EmbroidMe Business at any location outside your Designated Territory. Because another EmbroidMe store may be located immediately outside your Designated Territory, the designated territories for two EmbroidMe stores could overlap and could compete for customers. We are not required to compensate you for soliciting or accepting orders from customers located within your Designated Territory.

There are no restrictions imposed on you that prohibit you from soliciting business from customers located outside of your Designated Territory, except you may not use Internet tools such as search engine optimization for the purpose of promoting your business in the designated territory of another EmbroidMe franchisee without our written consent. You also cannot use domain names that indicate a business location outside of your Designated Territory.

You may relocate your EmbroidMe Store under the following conditions:

1. Prior to relocation, you submit your request in writing to us.
2. You must not be in default of the terms of your Franchise Agreement.
3. We will evaluate your request with respect to the proximity of your proposed location to other embroidery stores (both EmbroidMe Stores and competitors) as well as demographic information.

You have no options, right of first refusal or similar rights to acquire an additional franchise within any particular territory, although you may ask us at any time to purchase additional franchises. You will be granted an additional franchise based on the following:

1. Whether or not you are currently in default or have been in default of any part of your Franchise Agreement;
2. Your financial history and the financial stability of your existing location; and your experience managing your existing location.

ITEM 13

TRADEMARKS

The Franchise Agreement licenses you to use our proprietary trademarks, service marks, trade names, trade dress and commercial symbols (collectively, the “Marks”). You may not use any of the Marks as part of your corporate or business entity name. We are the owner of the Marks listed below for which we have a federal registrations. All required affidavits have been filed. The registrations of the marks ~~are not due for renewal and have not been renewed yet~~. We also claim common law trademark rights for all the Marks you will use in the operation of your EmbroidMe Business.

Trademark, Service Mark or Design	U.S. Reg. Or App. No.	Principal/ Supplemental Register	Date of Registration	Comment
EMBROIDME	2,759,315	Principal	9/2/2003	Registered
EMBROIDME GET NOTICED!	3,419,033	Principal	4/29/2008	Registered
CASUALLY DRESSING THE WORLD	2,761,578	Principal	9/9/2003	Registered

We will notify you in writing (through the Operating Manual or otherwise) which Marks you are licensed to use. Your use of the Marks and any related goodwill is to our exclusive benefit and you retain no rights in the Marks. You retain no rights in the Marks upon termination of the Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing.

There are no currently effective determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the principal Marks. All required affidavits have been filed. There are no superior prior rights in the Marks or infringing uses actually known to us that could materially affect your use of the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

We are not required to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense and/or indemnify you. We reserve the right to control any trademark litigation and will be the sole judge as to whether suit will be brought or settled in any instance when any person or entity infringes the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks that you become aware of and to cooperate with any action that we undertake. If any party claims that its rights to use any of the Marks are superior and if we determine that the claim is valid, you must, at your expense, immediately make the changes and use the substitutions to the Marks as we require.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not grant you the right to use any item covered by a patent and we have no patent applications pending which are material to the franchise. We do communicate to you, and permit you to use many trade secrets and confidential information that are included in our ~~o~~Operating ~~m~~Manual, our method of pricing and our vendor list. See Item 11. Although we have not filed an application for copyright registration for these materials, they are proprietary and we do claim a copyright to them and other similar materials you will use in your business. You can only use this information in conjunction with your EmbroidMe Store. We do not permit any other use. You must comply with all changes to the ~~o~~Operating ~~m~~Manual. You must notify us immediately if you learn about any unauthorized use of our confidential information. We will determine the appropriate response as to any unauthorized use of the confidential information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must directly supervise and manage your EmbroidMe Store. If you are a corporation, partnership or other business entity, a principal, general partner or your fully trained manager must devote full-time and best efforts to the management and operation of the EmbroidMe Store. The EmbroidMe Store must at all times be under the direct on premises supervision of someone who has completed our training program. You must also maintain a competent, conscientious, neat and trained staff where applicable.

We do not have the right to approve or disapprove of your choice for manager, although the manager must satisfactorily complete our training program. Your manager is not required to have an equity interest in your business. Your manager must sign a confidentiality agreement maintaining confidentiality of our trade secrets and other proprietary information described in Item 14, and abide by the non-compete covenants described in Item 17, which are valid for two years after the termination of their employment. You may send any employees at any time for training under the terms of your Franchise Agreement and as outlined in Item 11 of this Disclosure Document.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only goods and services that we have approved but there is no obligation to provide all of the services and goods authorized by EME. There are no limits on our right to make modifications to the approved goods and services from time to time as set forth in the Operating Manual or otherwise in writing.

Our Franchise Agreement does not require you to fix a specified or minimum price for any goods or services sold. We produce a suggested pricing list that you may change to adapt to your local market conditions and competition. Before adjusting any pricing though, we strongly urge you to conduct a survey of local competition and pricing and submit this survey in writing for us to analyze. We will return the survey to you with full comments for your benefit. You will retain sole and absolute discretion in all product-pricing matters.

You are not limited in the customers to whom you may sell products and services in your Designated Territory. In addition, we will encourage you to respect the clientele of other EmbroidMe stores and franchisees.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise or Other Agreement	Summary
a.	Length of franchise term	Section 2.A	35 Years
b.	Renewal or extension of the term	Section 2.B	35 Years
c.	Requirements for franchisee to renew or extend	Sections 2.C, 2.D and 2.E	Be in full compliance with existing agreement; remodel; pay \$1,500 renewal fee; sign new agreement which may contain materially different terms and conditions than your original agreement; and sign releases.
d.	Termination by franchisee	None	Not applicable
e.	Termination by franchisor without cause	None	Not applicable
f.	Termination by franchisor with cause	Section 16	EME can terminate only if you default.
g.	“Cause” defined – curable defaults	Section 16	You have 15 days to cure <u>a non-payment of amounts due and owing, and 30 days to cure a non-compliance with our requirements and specifications regarding products and services, non-payment of amounts due and owing, non-submission of reports, and 30 days</u> for any other default not listed in Section 16 of the Franchise Agreement.

	Provision	Section in Franchise or Other Agreement	Summary
h.	“Cause” defined – non-curable defaults	Section 16	Non-curable defaults: failure to commence business within 180 days from date of Franchise Agreement, failure to keep open, falsification of franchise application, insolvency and bankruptcy, commencement of dissolution proceedings, unsatisfied or unbonded judgment, falsification of books, records or reports, 2 or more prior defaults in 12 consecutive months, unauthorized assignment, and communication of proprietary information to competitor.
i.	Franchisee’s obligations on termination/non-renewal	Section 17	Obligations include provide EME with list of customers, invoices, address card file and business cards, payment of all amounts due, return Operating Manual and other proprietary materials, discontinue use of copyrighted materials and all items identifying our marks or name, assign contracts with customers, change or assign telephone numbers and non-compete.
j.	Assignment of contract by franchisor	Section 15.I	No restriction on our right to assign.
k.	“Transfer” by franchisee - defined	Section 15.G	Includes <u>sale of the business, transfer of beneficial interest in franchisee (if a business entity) or in the Franchise Agreement.</u>
l.	Franchisor approval of transfer by franchisee	Section 15.A	We retain the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 15.C	Qualified purchaser, training completed, execution of new franchise agreement, payment of transfer fee, not in default, and payment of all costs and obligations.

	Provision	Section in Franchise or Other Agreement	Summary
n.	Franchisor's Right of First Refusal to Acquire franchisee's business	Sections 15.E and 15.F	We can match any offer.
o.	Franchisor's option to purchase franchisee's business	Section 17.G	Upon expiration or termination, we can buy certain assets at a price equal to your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Section 15.H	The Franchise Agreement is transferable without additional fee or penalty, subject to EME's approval, which shall not be unreasonably withheld.
q.	Non-competition covenants during the term of the franchise	Section 6. WX	No involvement in any other business, except with prior written consent of EME.
r.	Non-competition covenants after the franchise is terminated or expires	Section 17.F	No competing business for 2 years within 40 <u>25</u> miles of former location or any other EME store
s.	Modification of the agreement	Sections 18 and <u>26.H</u>	No modifications generally but Operating Manual subject to change.
t.	Integration/merger clause	Sections 18 and 26.H	Only terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. No term or condition contained in the Franchise Agreement. is intended to disclaim the express representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 25	Binding arbitration; may choose non-binding mediation prior to arbitration. Mediation and/or arbitration shall take place in your home state.

	Provision	Section in Franchise or Other Agreement	Summary
v.	Choice of forum	Sections 25.F and 26.D	<u>You home state for non-binding mediation; Palm Beach County, Florida for arbitration and litigation.</u> Litigation must be brought in the courts of record of the State of Florida in Palm Beach County or the District Court of the United States, Southern District of Florida. (Ssubject to applicable state law)
w.	Choice of law	Section 26.E	Florida Llaw applies (Ssubject to applicable state law)

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual financial performance of its franchises and/or franchisor-owned units, 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 projections of your future income, you should report it to the franchisor's management by contacting Jill Klein, General Counsel, 2121 Vista Parkway, West Palm Beach, FL 33411, 561-640-5570, the Federal Trade Commission and the appropriate state agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1
System-Wide Outlet Summary
For Years ~~2012-2013~~ to ~~2014~~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 <u>2012</u>	295 <u>286</u>	279 <u>292</u>	-16 <u>+6</u>
	2014 <u>2013</u>	279 <u>292</u>	265 <u>290</u>	-14 <u>-2</u>
	2014 <u>2015</u>	265 <u>290</u>	270 <u>285</u>	+5 <u>-5</u>
Company- Owned	2012 <u>2013</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>
	2013 <u>2014</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>
	2014 <u>2015</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>
Total Outlets	2013 <u>2012</u>	295 <u>286</u>	279 <u>292</u>	-16 <u>+6</u>
	2014 <u>2013</u>	279 <u>292</u>	265 <u>290</u>	-14 <u>-2</u>
	2014 <u>2015</u>	265 <u>290</u>	270 <u>285</u>	+5 <u>-5</u>

Table 2

Transfers of Outlets From Franchisees to New Owners (Other Than the Franchisor)
For Years ~~2012-2013~~ to ~~2014~~2015

State	Year	Number of Transfers
California	2013 <u>2012</u>	0 <u>1</u>
	2014 <u>2013</u>	1 <u>0</u>
	2014 <u>2015</u>	0 <u>1</u>
Colorado	2013 <u>2012</u>	1 <u>1</u>
	2014 <u>2013</u>	0 <u>1</u>
	2014 <u>2015</u>	0 <u>0</u>
Florida	2013 <u>2012</u>	1 <u>1</u>
	2014 <u>2013</u>	1 <u>4</u>
	2014 <u>2015</u>	2 <u>1</u>
Illinois	2013 <u>2012</u>	0 <u>3</u>
	2014 <u>2013</u>	1 <u>1</u>
	2014 <u>2015</u>	1 <u>1</u>
Iowa	2013 <u>2012</u>	0 <u>0</u>
	2014 <u>2013</u>	1 <u>0</u>
	2014 <u>2015</u>	0 <u>1</u>
Louisiana	2013 <u>2013</u>	0 <u>0</u>
	2014 <u>2014</u>	0 <u>0</u>
	2014 <u>2015</u>	1 <u>1</u>
Maryland	2013 <u>2012</u>	0 <u>0</u>
	2014 <u>2013</u>	1 <u>0</u>
	2014 <u>2015</u>	1 <u>1</u>
Massachusetts	2013 <u>2012</u>	2 <u>0</u>

	2014 2013	<u>02</u>
	2014 2015	<u>00</u>
Michigan	2013 2012	<u>10</u>
	2014 2013	<u>01</u>
	2014 2015	<u>00</u>
Minnesota	2013 2012	<u>00</u>
	2014 2013	<u>10</u>
	2014 2015	<u>11</u>
Mississippi	2013 2012	<u>10</u>
	2014 2013	<u>01</u>
	2014 2015	<u>00</u>
Nevada	2013 2012	<u>01</u>
	2014 2013	<u>00</u>
	2014 2015	<u>00</u>
N. Hampshire	2013 2012	<u>03</u>
	2014 2013	<u>00</u>
	2014 2015	<u>00</u>
New York	2013 2012	<u>00</u>
	2014 2013	<u>00</u>
	2014 2015	<u>11</u>
North Carolina	2013	<u>0</u>
	2014	<u>0</u>
	2015	<u>2</u>
Ohio	2013 2012	<u>10</u>
	2014 2013	<u>02</u>
	2014 2015	<u>00</u>
Texas	2013 2012	<u>01</u>
	2014 2013	<u>01</u>
	2014 2015	<u>31</u>
Virginia	2013 2012	<u>10</u>
	2014 2013	<u>01</u>
	2014 2015	<u>10</u>
Washington	2013 2012	<u>10</u>
	2014 2013	<u>01</u>
	2014 2015	<u>10</u>
West Virginia	2013 2012	<u>10</u>
	2014 2013	<u>00</u>
	2014 2015	<u>01</u>
Wisconsin	2013 2012	<u>00</u>
	2014 2013	<u>00</u>
	2014 2015	<u>01</u>
Total USA	2013 2012	<u>911</u>
	2014 2013	<u>615</u>
	2014 2015	<u>1410</u>

State	Year	Number of Transfers
Total Int'l	2013 2012	<u>14</u>
	2014 2013	<u>50</u>
	2014 2015	<u>24</u>

Table 3
Status of Franchised Outlets
For Years ~~2012-2013~~ to ~~2014~~2015

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Alabama	2013 2012	22	00	00	00	00	10	12
	2014 2013	12	00	00	00	00	04	14
	2014 2015	14	10	00	00	00	00	24
Arizona	2013 2012	23	00	00	00	00	00	23
	2014 2013	23	00	00	00	00	00	23
	2014 2015	23	00	00	00	00	00	23
Arkansas	2013 2012	14	00	00	00	00	00	14
	2014 2013	14	00	00	00	00	00	14
	2014 2015	14	00	00	00	00	10	04
California	2013 2012	24-24	02	00	00	00	72	1724
	2014 2013	1724	410	10	00	00	27	1547
	2014 2015	1547	24	00	00	00	32	1416
Colorado	2013 2012	45	00	00	00	00	14	34
	2014 2013	34	00	00	00	00	04	33
	2014 2015	33	10	00	00	00	00	43
Connecticut	2013 2012	14	00	00	00	00	00	14
	2014 2013	14	04	00	00	00	10	02
	2014 2015	02	00	00	00	00	04	04

Florida	2013 <u>2012</u>	1618	30	00	00	00	10	1818
	2014 <u>2013</u>	1818	13	00	00	00	31	1620
	2014 <u>2015</u>	1620	22	10	00	00	04	1817
Georgia	2013 <u>2012</u>	54	00	00	00	00	10	44
	2014 <u>2013</u>	44	00	00	00	00	11	33
	2014 <u>2015</u>	34	00	00	00	00	21	13
Hawaii	2013 <u>2012</u>	21	12	00	00	00	00	33
	2014 <u>2013</u>	33	01	00	00	00	00	34
	2014 <u>2015</u>	34	00	00	00	00	10	24
Idaho	2013 <u>2012</u>	11	00	00	00	00	00	11
	2014 <u>2013</u>	11	00	00	00	00	00	11
	2014 <u>2015</u>	11	00	00	00	00	00	11
Illinois	2013 <u>2012</u>	910	00	00	00	00	11	89
	2014 <u>2013</u>	89	00	00	00	00	01	88
	2014 <u>2015</u>	88	10	00	00	00	00	98

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Indiana	2013 <u>2012</u>	55	00	00	00	00	00	55
	2014 <u>2013</u>	55	00	00	00	00	00	55
	2014 <u>2015</u>	55	10	00	00	00	00	65
Iowa	2013 <u>2012</u>	14	00	00	00	00	00	14
	2014 <u>2013</u>	14	00	00	00	00	00	14
	2015 <u>2014</u>	14	00	00	00	00	00	14
Kansas	2013 <u>2012</u>	32	04	00	00	00	00	33
	2014 <u>2013</u>	33	00	00	00	00	00	33
	2014 <u>2015</u>	33	10	00	00	00	10	33
Kentucky	2013 <u>2012</u>	32	04	00	00	00	00	33
	2014 <u>2013</u>	33	00	00	00	00	00	33
	2014 <u>2015</u>	33	00	00	00	00	10	23
Louisiana	2013 <u>2012</u>	43	10	00	00	00	10	43
	2014 <u>2013</u>	43	04	00	00	00	00	44
	2014 <u>2015</u>	44	00	00	00	00	00	44
Maryland	2013 <u>2012</u>	104	00	00	00	00	52	510
	2014 <u>2013</u>	540	10	00	00	00	03	67
	2014 <u>2015</u>	67	14	00	00	00	00	78
Massachusetts	2013 <u>2012</u>	76	23	00	00	00	14	88
	2014 <u>2013</u>	88	04	00	00	00	34	58
	2014 <u>2015</u>	58	00	00	00	00	03	55

Maine	<u>2013</u> <u>012</u>	14	00	00	00	00	10	04
	<u>2014</u> <u>013</u>	04	00	00	00	00	04	00
	<u>2014</u> <u>015</u>	00	00	00	00	00	00	00
Michigan	<u>2013</u> <u>012</u>	76	00	00	00	00	20	56
	<u>2014</u> <u>013</u>	56	00	00	00	00	14	45
	<u>2014</u> <u>015</u>	45	00	00	00	00	00	44
Minnesota	<u>2013</u> <u>012</u>	66	00	00	00	00	10	56
	<u>2014</u> <u>013</u>	56	00	00	00	00	14	45
	<u>2014</u> <u>015</u>	45	00	00	00	00	04	44
Mississippi	<u>2013</u> <u>012</u>	00	10	00	00	00	00	10
	<u>2014</u> <u>013</u>	10	00	00	00	00	10	00
	<u>2014</u> <u>015</u>	00	04	00	00	00	04	00
Missouri	<u>2013</u> <u>012</u>	14	10	00	00	00	00	24
	<u>2014</u> <u>013</u>	24	04	00	00	00	10	12
	<u>2014</u> <u>015</u>	12	00	00	00	00	04	14
Nebraska	<u>2013</u> <u>012</u>	00	00	00	00	00	00	00
	<u>2014</u> <u>013</u>	00	04	00	00	00	00	04
	<u>2014</u> <u>015</u>	04	00	00	00	00	00	04
Nevada	<u>2013</u> <u>012</u>	14	00	00	00	00	00	14
	<u>2014</u> <u>013</u>	14	00	00	00	00	00	14
	<u>2014</u> <u>015</u>	14	00	00	00	00	00	14
New Hampshire	<u>2013</u> <u>012</u>	33	14	00	00	00	20	24
	<u>2014</u> <u>013</u>	23	00	00	00	00	00	23
	<u>2014</u> <u>015</u>	23	10	00	00	00	00	33

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New Jersey	2013 <u>2012</u>	88	20	00	00	00	20	88
	2014 <u>2013</u>	88	04	00	00	00	14	78
	2014 <u>2015</u>	78	00	00	00	00	14	67
New Mexico	2013 <u>2012</u>	13	00	00	00	00	04	12
	2014 <u>2013</u>	12	00	00	00	00	00	12
	2014 <u>2015</u>	12	00	00	00	00	00	12
New York	2013 <u>2012</u>	1242	14	10	00	00	22	1044
	2014 <u>2013</u>	1044	14	10	00	00	14	944
	2014 <u>2015</u>	944	02	10	00	00	04	842
N. Carolina	2013 <u>2012</u>	108	14	00	00	00	34	88
	2014 <u>2013</u>	88	04	10	00	00	23	56
	2014 <u>2015</u>	56	04	04	00	00	04	55
North Dakota	2013 <u>2012</u>	00	10	00	00	00	00	10
	2014 <u>2013</u>	10	04	00	00	00	00	14
	2014 <u>2015</u>	14	00	00	00	00	00	14
Ohio	2013 <u>2012</u>	1143	14	00	00	00	22	1042
	2014 <u>2013</u>	1042	04	00	00	00	04	1042
	2014 <u>2015</u>	1042	00	00	00	00	04	1044
Oklahoma	2013 <u>2012</u>	14	00	00	00	00	00	14
	2014 <u>2013</u>	14	14	00	00	00	00	22
	2014 <u>2015</u>	22	04	00	00	00	00	23

Pennsylvania	2013 012	<u>33</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>14</u>	<u>22</u>
	2014 013	<u>22</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>22</u>
	2014 015	<u>22</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>12</u>
S. Carolina	2013 012	<u>23</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>04</u>	<u>32</u>
	2014 013	<u>32</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>23</u>
	2014 015	<u>23</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>04</u>	<u>32</u>
South Dakota	2013 012	<u>10</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>04</u>
	2014 013	<u>04</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>04</u>	<u>10</u>
	2014 015	<u>10</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>14</u>
Tennessee	2013 012	<u>33</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>43</u>
	2014 013	<u>43</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>34</u>
	2014 015	<u>34</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>04</u>	<u>33</u>
Texas	2013 012	<u>2424</u>	<u>14</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>14</u>	<u>2424</u>
	2014 013	<u>2424</u>	<u>23</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>40</u>	<u>2224</u>
	2014 015	<u>2224</u>	<u>12</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>03</u>	<u>2323</u>
Utah	2013 012	<u>22</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>22</u>
	2014 013	<u>22</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>22</u>
	2014 015	<u>22</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>12</u>
Virginia	2013 012	<u>46</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>02</u>	<u>54</u>
	2014 013	<u>54</u>	<u>04</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>55</u>
	2014 015	<u>55</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>65</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Washington	<u>2013</u> <u>2012</u>	14	00	00	00	00	00	14
	<u>2014</u> <u>2013</u>	14	00	00	00	00	00	14
	<u>2014</u> <u>2015</u>	14	00	00	00	00	00	14
West Virginia	<u>2013</u> <u>2012</u>	32	04	00	00	00	00	33
	<u>2014</u> <u>2013</u>	33	00	00	00	00	00	33
	<u>2014</u> <u>2015</u>	33	00	00	00	00	10	23
Wisconsin	<u>2013</u> <u>2012</u>	87	04	00	00	00	10	78
	<u>2014</u> <u>2013</u>	78	14	00	00	00	24	68
	<u>2014</u> <u>2015</u>	68	04	00	00	00	02	67
Total USA	<u>2013</u> <u>2012</u>	213210	2046	10	00	00	3846	194210
	<u>2014</u> <u>2013</u>	194210	923	30	00	00	2628	174205
	<u>2014</u> <u>2015</u>	174205	1443	22	00	00	1324	173492
Total Int'l	<u>2013</u> <u>2012</u>	8276	56	00	00	00	20	8582
	<u>2014</u> <u>2013</u>	8582	115	00	00	00	52	9185
	<u>2014</u> <u>2015</u>	9185	942	10	00	00	24	9793
TOTAL	<u>2013</u> <u>2012</u>	295286	2522	10	00	00	4046	279292
	<u>2014</u> <u>2013</u>	279292	2028	30	00	00	3130	265290
	<u>2014</u> <u>2015</u>	265290	2325	32	00	00	1528	270285

Table No. 4

**Status of Company-Owned Outlets
For Years 2012-2013 - 2014-2015**

Col.1	Col.2	Col.3	Col.4	Col.5	Col.6	Col.7	Col.8
		Outlets		Outlets Reacquired		Outlets	Outlets at

State	Year	at Start of Year	Outlets Opened	From Franchisees	Outlets Closed	Sold to Franchisees	End of the Year
Total USA	2012 <u>2013</u>	0	0	0	0	0	0
	2013 <u>2014</u>	0	0	0	0	0	0
	2014 <u>2015</u>	0	0	0	0	0	0
TOTAL	2012 <u>2013</u>	0	0	0	0	0	0
	2013 <u>2014</u>	0	0	0	0	0	0
	2014 <u>2015</u>	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, ~~2014~~2015

State	Franchise Agreement sSigned but o Outlet -not e Opened	Projected New Franchised Outlets i n The-Next Fiscal Year	Projected New Company Owned Outlets i n Next Fiscal Year
Alabama	10 -	0-1	-0-
Alaska	-0-	0-1	-0-
Arizona	-0-	2-3	-0-
Arkansas	-0-	1-2	-0-
California	10 -	3-5	-0-
Colorado	-0-	1-2	-0-
Connecticut	-0-	1-2	-0-
Delaware	-0-	1-2	-0-
DC	-0-	0-1	-0-
Florida	13 -	3-5	-0-
Georgia	-0-	1-2	-0-
Hawaii	01 -	0-1	-0-
Idaho	-0-	0-1	-0-
Illinois	01 -	1-2	-0-
Indiana	-0-	1-2	-0-
Iowa	-0-	0-1	-0-
Kansas	-0-	0-1	-0-
Kentucky	-0-	1-2	-0-
Louisiana	-0-	1-2	-0-
Maryland	-0-	0-1	-0-
Massachusetts	-0-	1-2	-0-
Michigan	-0-	1-3	-0-
Minnesota	-0-	1-2	-0-
Mississippi	-0-	0-1	-0-
Missouri	-0-	1-2	-0-
Montana	-0-	0-1	-0-
Nebraska	-0-	0-1	-0-
Nevada	-0-	1-2	-0-
N e w Hampshire	-0-	0-1	-0-
N e w Jersey	-0-	1-3	-0-
N e w Mexico	-0-	0-1	-0-
N e w York.	-0-	2-4	-0-
N. Carolina	-0-	1-3	-0-
N. Dakota	-0-	0-1	-0-
Ohio	-0-	2-4	-0-
Oklahoma	-0-	0-1	-0-
Oregon	-0-	1-2	-0-
Pennsylvania	-0-	1-3	-0-
Rhode Island	-0-	0-2	-0-

State	Franchise Agreement Signed but Outlet not Opened	Projected New Franchised Outlets in The Next Fiscal Year	Projected New Company Owned Outlets in Next Fiscal Year
S. Carolina	-0-	1-2	-0-
S. Dakota	-0-	0-1	-0-
Tennessee	-0-	1-2	-0-
Texas	0 -	2-4	-0-
Utah	-0-	0-1	-0-
Vermont	-0-	0-1	-0-
Virginia	1 0-	1-3	-0-
Washington	-0-	1-2	-0-
Wisconsin	-0-	1-2	-0-
Wyoming	-0-	0-1	-0-
Total USA	<u>4</u> 7	37-97	-0-
Total Int'l	<u>0</u> 2	10-12	-0-
Total	<u>4</u> 7	47-109	-0-

The names, addresses, and telephone numbers of our franchisees and their stores are listed and attached as Exhibit E.

The name and last known address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ending December 31, ~~2014~~2015 or who has not communicated with us within the 10 weeks preceding the issuance date of this Disclosure Document are listed and attached as Exhibit I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with EmbroidMe. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the 3-year period ended on December 31, 2015, two former franchisees and no current franchisees signed such confidentiality clauses.

As described in Item 11 of this Disclosure Document, there is an organization incorporated under the name "EmbroidMe.com Advertising Fund, Inc." which is a not-for-profit corporation whose members are EmbroidMe franchisees. This corporation was organized with our assistance and is endorsed by us. This corporation can be contacted through our corporate office at 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

ITEM 21

FINANCIAL STATEMENTS

Our audited financial statements prepared in accordance with generally accepted accounting principles for the periods ended December 31, ~~2012~~2013, ~~2013~~2014, and ~~2014~~2015 are attached to this Disclosure Document as Exhibit D.

ITEM 22

CONTRACTS

The following contracts are included in this Disclosure Document ~~as follows~~:

1. Exhibit A - Franchise Agreement with Schedules and applicable Addenda
2. Exhibit B - ~~Omni Leasing~~ VFS Equipment Lease
3. Exhibit C - Deposit Receipt
4. Exhibit H - General Release Agreement
5. Exhibit I - Compliance Certificate
6. Exhibit K - Nondisclosure and Non-Competition Agreement
67. Exhibit ~~L~~M - Disclosure Document Receipt

As a prospective franchisee, you should obtain independent legal and financial advice before making any commitment.

ITEM 23

RECEIPT

Copies of an acknowledgment of your receipt of this disclosure document appear as Exhibit ~~L~~M. Please sign and date two copies and return one fully executed copy to us. You may retain the second copy for your records.

EXHIBIT A
FRANCHISE AGREEMENT

DATED _____ 201__

EmbroidMe.com, Inc.

And

FRANCHISE AGREEMENT

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SCHEDULES:

Schedule A Equipment

Schedule B	Assignment of Telephone Numbers, Email Addresses and Domain Names
Schedule C	Electronic Funds Transfer Authorization
Schedule D	EME-BOSSPOS Software License Agreement

FRANCHISE AGREEMENT

Between:

EmbroidMe.com, Inc., a Florida Corporation whose registered office is at 2121 Vista Parkway, West Palm Beach, Florida 33411, (hereinafter referred to as “**EME**”) and _____ whose registered office is at _____ and whose home address is _____, Franchisee (hereinafter referred to as “**You**” or “**Your**”).

INTRODUCTION

- A. EME has expended time, effort, and money developing knowledge about the retail, contract and wholesale embroidery and logo-wear business (“the **EmbroidMe** Business”), embroidered logo wear, screen printed apparel, advertising specialty products, uniforms, and team wear (“the Products”) and has established a reputation and goodwill in parts of the world in the **EMBROIDME** and **EMBROIDME.COM** trademarks.
- B. EME is the owner of the **EMBROIDME** and **EMBROIDME.COM** trademarks and related trademarks and trade names (“the Trademarks”) which have become associated with the Products, and the **EmbroidMe** System, and EME has agreed to You using the Trademarks and the System upon the terms and conditions hereinafter appearing.
- C. The methods and know-how of design, distribution, production, promotion and marketing used in connection with the sale of the Products under the Trademarks (“the **EmbroidMe** System”) are secret and confidential and are the exclusive property of EME.
- D. The **EmbroidMe** System includes methods of creation, production and sale of embroidered logo wear, screen printed apparel, advertising specialty products, uniforms, team wear, logos designed by computers, and other means for design using specialized and highly developed techniques. These techniques are used in connection with the operation of the **EmbroidMe** Business and a recognized design decor and color scheme for the Premises (as hereinafter defined). The **EmbroidMe** System also relates to the training equipment, furniture, standards of quality and uniformity of products and services offered.
- E. The Trademarks are associated with uniformly high standards of service and quality of product.
- F. EME may from time to time grant franchises in the United States and its territories and protectorates permitting the operation of the business under the Trademarks to sell the Products at certain premises (“the **EmbroidMe** Network”).

- G. You desire the benefits of EME’s knowledge, skill, and experience and the right to sell the Products under the Trademarks from the Premises hereinafter described (“an **EmbroidMe** Store”).

NOW IT IS AGREED as follows:

One: RIGHTS GRANTED

- A. Subject to and in accordance with the terms hereof, EME grants to You the non-exclusive right to use in the Business (as defined below):
- i. the **EmbroidMe** System;
 - ii. the Trademarks and the symbols owned by EME together with EME’s accumulated experience and knowledge relating to the **EmbroidMe** Business; and
 - iii. the Products.
- B. In this Agreement the expression “the Business” shall mean the business carried on by You in exercise of the above rights and pursuant to this Agreement.
- C. The Business shall only be conducted by You from the Premises located at _____ (“the Premises”). In addition, as long as You are not in default under this Agreement, EME shall not establish and operate for its own account (or through an affiliate) or franchise others to operate an **EmbroidMe** store from any physical premises located in the following Designated Territory specified as _____ (the “Designated Territory”). The Designated Territory granted under this Agreement does not in any way grant or imply any other area, market, development, or territorial rights to You, except as expressly provided above in this Section.
- D. EME and/or its affiliates reserve the right to establish and operate or license others to establish and operate at any location or premises within the Designated Territory (including a location which may be in close proximity to Your **EmbroidMe** Store): (i) different businesses other than an embroidery and logo-wear business under any trademarks or trade names, although some of those different businesses still may offer and sell advertising specialties and other promotional products that are similar to those that You offer and sell from Your **EmbroidMe** Store; (ii) contract embroidery houses/businesses under any trademarks except the **EmbroidMe** Trademarks, although these contract houses will not focus on retail customers; or (iii) similar embroidery and logo-wear retail businesses to the **EmbroidMe** Business under any trademarks or trade names except the **EmbroidMe** Trade Name, but only to the extent that any such business within the Designated Territory becomes part of, or an affiliate to, EME through some form of merger or acquisition with a local, regional or national chain of embroidery or logo-wear businesses. In addition, EME and/or its affiliates will have the right anywhere outside the Designated Territory to operate or license others to establish and operate **EmbroidMe** businesses. You acknowledge and agree that the premises for another **EmbroidMe** store may be located immediately outside Your Designated Territory and therefore the designated territories for the two **EmbroidMe** stores could overlap and the

stores could compete for customers, however, the premises for the other **EmbroidMe** store will not be located within Your Designated Territory.

- E. The rights and privileges granted to You under this Agreement are personal in nature and may not be used at any location other than the Premises. You will not relocate the **EmbroidMe** Store without EME's prior written consent and will not open any other **EmbroidMe** stores in the Designated Territory. You will not have the right to subfranchise or sublicense any of its rights under this Agreement. You will not use the Premises for any purposes other than the operation of an **EmbroidMe** Store.
- F. In this Agreement the word "Goodwill" includes
 - i. the goodwill and all rights associated with EME's copyright material, the System, the Trademarks and any other intellectual property rights of EME, and
 - ii. any additional goodwill generated from their use in the Business.
- G. The Goodwill shall, at all times, belong to and be vested in EME and You only have the right to benefit from the Goodwill to the extent provided by this Agreement.

Two: TERM

- A. **Initial Term** This Agreement shall be for a term of 35 years from the date of this Agreement (the "Term"), unless sooner terminated as hereinafter provided.
- B. **Additional Term** You shall have the right to require EME to enter into a new agreement (the "New Agreement") to take effect immediately following the end of the initial Term subject to the conditions and terms which follow.
- C. Subject to the following conditions precedent, You shall exercise Your right by giving written notice to EME so that it is received 9 months before the Term ends. The conditions precedent are:
 - i. that You shall not have any outstanding breach of the terms of this Agreement at the time of Your notice and at the time the New Agreement becomes effective, and
 - ii. that You shall renovate, modernize, and refurbish the Premises, as commercially practicable (including equipment) and bring the Premises up to the then current standards of design and decor of the **EmbroidMe** Network, and to comply with any relevant statutory or other requirements or regulations.
- D. The terms of the New Agreement shall be that You and EME shall enter into the New Agreement for a period at least equal to the Term and upon the terms contained in EME's then current form of franchise agreement provided however:
 - i. You shall not pay any sum expressed to be by way of initial fee but shall pay a renewal fee in the sum of \$1,500.00 to cover the costs of closing and processing paperwork upon renewal, and
 - ii. EME shall not be obliged to provide any of the initial or other obligations

contained in such agreement that are appropriate to the establishment of a new franchise.

- E. You shall, upon the execution of the New Agreement, be deemed to have released and discharged EME from and against all claims and demands not at issue in mediation, arbitration and/or litigation proceedings at the time of renewal, whether or not contingent, which You may have against EME arising from this Agreement or in any way out of the relationship between EME and You.

Three: THE PREMISES

- A. The Premises at which the **EmbroidMe** Store is to be located will be mutually agreed upon by the parties. You shall acquire the Premises by lease (the "Lease"). You shall not enter into any Lease without obtaining EME's prior written consent, which consent shall not be unreasonably withheld.
- B. You acknowledge and agree that any site selected or approved by EME, and/or any Lease approved by EME, shall be with the understanding that it meets EME's minimum acceptable criteria. Such criteria are not a guaranty or representation that the site will be successful or that the terms of the Lease are reasonable. You acknowledge that You are responsible for reviewing and determining the appropriateness and desirability of the site and the Lease. EME shall have no liability with respect to the selection or approval of a location or any lease for the Premises, nor liability with respect to any recommendation regarding such matters.
- C. You shall not sublet or share the Premises without EME's prior written consent.
- D. You must deliver to EME a fully executed copy of the Lease to the Premises prior to the opening of Your Store.
- E. You shall not extend, renew, or cancel the Lease without EME's express written consent thereof which consent shall not be unreasonably withheld.
- F. Should it become necessary, on account of condemnation or other cause, including cancellation of Your Lease, to relocate the **EmbroidMe** Store, EME shall grant You authority to do so at a site acceptable to EME that is within Your Designated Territory, is reasonably suited for an **EmbroidMe** Store, does not infringe on the rights of any other franchisee of EME, and is reasonably distant from other **EmbroidMe** stores; provided that Your new Store is open and operating within 60 days after You discontinue operation of the Store at Your previous location, all in accordance with the current standards of EME at that time.

Four: EME'S INITIAL OBLIGATIONS

To assist You in opening for business, EME will (in addition to the two week training period to be provided at EME's headquarters pursuant to the provisions that follow in Section Seven below) provide for or make available to You the following services and/or goods:

- A. advice in regard to establishing the **EmbroidMe** Store including assistance with establishing a marketing program;

- B. perform demographic research for the selection of the Premises;
- C. assistance in locating a site for the Premises and in negotiating for the lease of the Premises;
- D. consultation and advice with regard to alterations, refurbishment, renovation, decoration or other work necessary for the conversion of the Premises into an **EmbroidMe** Business including store layout designs;
- E. sell to You the equipment and supplies (the "Equipment Package") listed in Schedule "A" to this Agreement;
- F. provide for a period of 80 hours a suitably qualified member(s) of its staff and representatives of the equipment vendors to assist in initial on-site training and guidance on commencement of the Business. EME shall pay the travel and other costs of its staff member for the purpose of an initial on-site training;
- G. advice with regard to the way in which fixtures and equipment are to be installed in the Premises with a view to the efficient operation of the Business;
- H. advice on the inventory requirements and the merchandising of any of the appropriate Products comprised in Your initial stock prior to opening the Business;
- I. assistance in establishing supplies of materials for use in manufacturing the Products;
- J. provide You with a suggested bookkeeping system;
- K. provide You, on loan, with an Operating Manual, which includes statements of policies and procedures, together with instruction and advice in the operation of an EmbroidMe Store;
- L. provide You with other relevant manuals and written material which, in its discretion, EME deems necessary;
- ~~M. if You are acquiring a new store, initiate a direct mail advertising effort for Your grand opening, which will include supplying direct mail pieces created with Your address affixed thereto and mailing same to businesses within Your marketing area; if You are acquiring a resale store, we will supply You with a quantity of direct mail pieces, that You can mail to businesses in your area at Your expense;~~
- ~~N.M. initiate for the Franchisee an Internet marketing launch;~~
- ~~O. provide You with copies of "Yellow Pages" advertising in digital format approved for Your use;~~
- ~~P. provide You with newspaper advertising in digital format approved for Your use; and~~
- Q.N. provide You in digital format with digital templates for letterhead, flyers; and business cards.

EME may delegate the performance of any or all of its obligations hereunder to such third parties

as it deems advisable.

Five: EME'S CONTINUING OBLIGATIONS

EME shall at all times during the term of this Agreement:

- A. provide You with details of any alterations and/or improvements in or to the System to enable You to keep the Operating Manual up to date. In the event of any dispute, the authentic text of the Operating Manual shall be the copy kept as such by EME at its principal Corporate Office. The Operating Manual shall at all times remain the property of EME. You acknowledge that the copyright in the Operating Manual is vested in EME;
- B. make ~~periodic at least one~~ visits each year to Your Business at EME's own expense by a member(s) of EME's staff as EME considers suitably experienced for the purpose of assisting You and monitoring Your compliance with quality standards;
- C. provide You with information relating to the EmbroidMe Expo, the UFG Leadership Summit, regional meetings at industry trade shows, conventions, seminars, and franchise meetings and other events organized by EME for its franchisees and permit You at Your own expense, to attend;
- D. provide You from time to time with EME's corporate news updates;
- E. offer to You from time to time, free of charge, bulletins on sales and service methods, marketing development and techniques, and business and operating procedures;
- F. use reasonable efforts to offer advice and technical assistance ~~and support~~ for equipment, computer hardware and software, and the embroidery process by toll-free telephone and via the Internet; and
- G. provide access to an intranet website from which You may download additional programs and data.

Six: FRANCHISEE'S OBLIGATIONS

In order to maintain the common identity and reputation of the **EmbroidMe** Network, to maintain the uniformly high standards among franchisees carrying on business under the Trademarks in accordance with the System, and to protect EME, You, the **EmbroidMe** Network, the Goodwill and the demand for the Products sold, supplied or provided in the **EmbroidMe** Business under the Trademarks, You shall:

- A. purchase the Equipment Package from EME prior to opening the business and use it exclusively for the purpose of operating the **EmbroidMe** Store;
- B. acquire any other miscellaneous equipment, books of account, and any other items which are necessary for the performance by You of Your obligations under this Agreement;
- C. have one person, comprised of either Yourself or Your Manager, at Your sole cost and expense (excluding EME approved transportation, lodging, a daily meal, training material and trainers), undertake and complete to EME's satisfaction such training, at such times, and at EME's training facilities, as EME may reasonably require;

- D. devote an adequate amount of Your time and attention to the Business as is necessary to perform the administrative, marketing, promotional and accounting functions required in operating the System. You shall diligently carry on the Business at the Premises and use Your best efforts to promote the Business. You shall continuously operate the Business during normal business hours for a minimum of 40 hours per week;
- E. operate the System and Your Business properly and in strict accord with the required provisions of the Operating Manual, provided that such provisions do not conflict with applicable laws or regulations. In the case of a conflict, You shall request a variance and the Franchisor shall grant You an automatic variance for the purpose of compliance with applicable laws or regulations. You acknowledge that the required provisions are intended to protect the goodwill of the Trademarks and not to exercise control over the day to day operations of the Business, which remains your sole responsibility. You shall not make use of or disclose the Operating Manual to any other person or for any purpose other than for the conduct of the Business, nor shall You make any copies of the Operating Manual or any part thereof. You shall further ensure that Your copy of the Operating Manual is kept up to date at all times. You acknowledge the Operating Manual to be the exclusive property of EME. You agree to use Your best efforts to promptly comply (but no later than 30 days from delivery) with all revisions to the Operating Manual that may be made from time to time;
- F. Purchase at least 80% of Your product supplies from EME's approved suppliers in the following product categories: clothing items, promotional products, decoration supplies, and machinery and equipment.- In addition, purchase payroll services and credit card processing and merchant services from a vendor which may include EME's approved suppliers or another vendor You choose. EME may add product categories or delete product categories from these requirements upon written notice to You;
- G. if You are a corporation, limited liability company or similar entity, then no part of the Trademarks shall form part of Your legal or business name;
- H. operate the Business only under the name or names specified by EME without any accompanying words or symbols of any nature (save as required by the provisions of this Agreement) unless first approved in writing by EME. You shall not do anything that may adversely affect EME's rights in the Trademarks;
- I. comply with all laws, ordinances, regulations and requirements of local, state and federal governmental authorities and pay any and all city, county, state and/or federal sales and/or use taxes, excise taxes, occupation taxes, license fees and other taxes, assessments and levies arising out of or in connection with all or any part of this Agreement; and pay vendors, landlords and other creditors of the Business on a timely basis;
- J. indicate Your status as an independently owned and operated franchise by:
- i. displaying in the location that EME may direct signs bearing the following words (or other words to similar effect as may from time to time be specified by EME) "Independently Owned and Operated by" followed by Your name;
 - ii. placing upon all letterhead, bills, invoices, and any other documents or literature used by it in connection with the Business the following words (or other words to

similar effect as may from time to time be specified by EME) “Independently Owned and Operated by” followed by Your franchise's name;

- K. prominently display on and in the **EmbroidMe** Store advertising signs in the nature, form, color, number, location and size and containing the material as EME may direct in writing and shall not display therein or thereon any sign or advertisement to which EME objects or has not pre-approved in writing;
- L. Advertise in the telephone Yellow Pages, with a minimum of a single line listing. Advertise online via a daily Pay per Click advertising campaign for keywords containing the town the store is located in. Conduct Search Engine Optimization of the local store webpage on a monthly basis;
- M. answer the telephone at the **EmbroidMe** Store initially reciting the full name “**EmbroidMe.**” You shall not answer the telephone under any other name without the prior written consent of EME;
- N. place any referral information required by EME for referral of prospective franchisees in a prominent place on Your front counter or any other location EME dictates;
- O. continuously (during regular business hours and days) operate the **EmbroidMe** Store unless prohibited from so doing by an act of God, a religious holiday, or conditions beyond Your control (“Non-controllable Events”). You further agree to exercise Your best efforts, skills, and diligence in the conduct of the Business. In this connection, You agree to supervise Your employees to ensure compliance with the **EmbroidMe** System. In addition, You and Your employees shall wear approved uniforms (*i.e.*, **EmbroidMe** logoed apparel) during the operation of the Business;
- P. keep the exterior sign on the Premises lit until 11 o’clock PM or another hour as may be required by EME or as required by local ordinances or landlord requirements;
- Q. at all times maintain the interior and exterior of the Premises in a good state of repair and decoration, clean, orderly and sanitary. You shall not permit animals of any type in the Premises except as required by law. If at any time EME is of the opinion that You are not complying with Your requirements, EME may, without prejudice to any of the other remedies available to it, including termination of this Agreement, give You written notice of the steps required by EME in order to ensure compliance. You shall comply at Your own expense with these requirements;
- R. shall not sell anything or provide any service which does not conform with the standards associated with the Trademarks or of which EME does not approve thereof which consent shall not be unreasonably withheld. You shall comply with all instructions given to You by EME with regard to the standards or quality of the System and the Products (including display merchandising and packaging). You shall comply with any requirements that EME establishes from time to time for national accounts or customers. In the event of a customer complaint, You shall follow the procedures outlined in the Operating Manual and provide to EME such information as EME may require to enable EME to monitor the performance of the Business and to offer guidance to You;
- S. replace any equipment items as may become obsolete or inoperable with items that meet

EME's new requirements in respect to opening a new **EmbroidMe** Business. If, by reason of any change to the System, additional or different equipment is required, then You shall acquire and install these items as commercially practicable, within a reasonable period of time as specified by EME;

- T. use Your best efforts to maintain the highest standards in all matters connected with the Business and increase the revenues of the Business at the Premises;
- U. only employ as a Manager of the Business a person who has:
 - ~~i. successfully passed EME's training course; and~~
 - ~~ii. been previously approved in writing by EME thereof which consent shall not be unreasonably withheld;~~
- V. procure from any Manager and from such other staff, as EME shall require, an agreement to be supplied by EME not to misuse or disclose to any third party any information or knowledge concerning EME's business, the Business, or the System and to comply with the non-compete requirements set forth in Section Seventeen F.(i) and (ii) of this Agreement for two years following termination of his or employment with You;
- W. not do anything which may bring the System into disrepute or which may damage the interests of EME or the **EmbroidMe** Network;
- X. not own or manage any business other than the **EmbroidMe** Business which is similar to or competitive with Your **EmbroidMe** Business or any other **EmbroidMe store**, except with the prior written consent of EME;
- Y. maintain the **EmbroidMe** System and other information relating to the conduct of the Business in strict confidence and secret and shall only use them for the purpose of conducting the Business during the term of this Agreement. You shall not use, disclose, publish or otherwise make this confidential information available to any third party during or at any time after the term of this Agreement, but this provision shall not apply to the System if it has become generally known or easily accessible other than through a breach of this Agreement or other default of Yours;
- Z. not hire any employee of EME (nor any person who was employed by EME within 90 days prior to the date of hiring by You), except with the prior written consent of EME;
- AA. indemnify and hold EME harmless against all claims, demands, damages, cost or expenses which may be incurred or received by EME resulting from any breach of this Agreement on Your part, the negligence of any party (other than EME), or arising directly or indirectly out of the management or operation of the Business or the use or occupancy of the Premises, which indemnification obligation survives the expiration or termination of this Agreement. It is the intention of the parties to this Agreement that EME shall not be deemed a joint or co-employer with You for any reason; however, if EME incurs any cost, liability, loss or damage as a result of any actions or omissions of You or Your employees, including any that relate to any party making any finding of any joint or co-employer status, You will fully indemnify EME for any such cost, liability, loss and damage;

- BB. have Internet access and an e-mail address. Franchisee must use the Internet website and email address provided by EME and pay EME or to its designated vendors the annual hosting and maintenance fees for the website and monthly email account fees. Franchisee cannot use any other website or domain name to promote the Business and cannot use other domain names (with or without the **EmbroidMe** trademark as part of the name) that are pointed or linked to the Internet website provided by EME. If EME discovers that Franchisee has obtained or is using another website, domain name or email address for or in connection with the **EmbroidMe** Business, EME shall notify Franchisee and upon notice, Franchisee shall immediately discontinue use of the unauthorized website, domain name or email address and transfer and assign the same to EME. EME will, at its discretion, determine the content and use of Your **EmbroidMe** web site and will establish the rules under which franchisees may or will use their web sites or separately use the Internet or other on-line communications in the operation of the Business. Without the written permission of EME, You cannot use Internet tools such as but not limited to search engine optimization for the purpose of promoting Your Business to customers in the designated territory of another EME franchisee. EME will retain all rights relating to the website and may alter or terminate the website upon 30 days' notice to You. Your general conduct on the website or other on-line communications and specifically Your use of the Trademarks or any advertising on the website or other on-line communications (including the domain name and any other Trademarks EME may develop as a result of participation in the web site or other on-line communications) will be subject to the provisions of this Agreement. Your right to use the web site or otherwise use the Trademarks or System on the Internet or other on-line communications will terminate when this Agreement expires or terminates;
- CC. effect such items of modernization, refurbishing and/or replacement of equipment, computers and software, signage, fixtures, display areas, furnishings and improvements, as EME deems reasonably necessary, no more than once every three years, to permit Your **EmbroidMe** Store to conform to the standards then prescribed by EME for similarly situated new **EmbroidMe** Stores. You acknowledge and agree that the requirements of this Section Six BB are both reasonable and necessary to insure continued public acceptance and patronage of **EmbroidMe** Stores and to avoid deterioration or obsolescence in connection with the operation of Your Store. Each and every transfer of any interest in this Agreement or business conducted hereunder governed by Section Fifteen also is expressly conditioned upon compliance with the foregoing requirement without regard to the number of years since the last modernization, refurbishing and/or replacement;
- DD. upload into the EME logo database the digitized images of logos of any customers that have business locations outside of Your Designated Territory or that EME otherwise requests to be uploaded;
- EE. Employ prior to the scheduling of the start of the technical and marketing set up described in Section Four F of this Agreement and maintain at all times during the term of this Agreement at least one full-time outside salesperson in addition to Yourself. You shall replace such sales person within 30 days in the case of termination of employment;
- ~~FF. Attend at Your expense during the term of this Agreement each World Expo sponsored by EME and its affiliated companies; and~~

~~GGFF.~~ adhere to the guidelines set by EME for use of social media to promote your EME

business.

Seven: INITIAL TRAINING

- A. EME will train You or Your initial Manager in the operation of the **EmbroidMe** System at its Training Center in Florida for two weeks.
- B. The initial franchise fee paid by You pursuant to Section Ten A.(i) shall cover the charge for such training for one person (including one coach class round trip airfare, baggage and other fees not included, one daily meal and accommodations). EME shall not compensate You for any service performed during this initial (or any) training period. If You bring additional persons to the initial training, You will pay a training fee of \$200225 per person and be responsible for their travel, meals and accommodations. Your initial Manager and any additional persons who attend training shall be required to sign an agreement to be supplied by EME not to misuse or disclose to any third party any information or knowledge concerning EME's business, the Business or the System.
- C. EME may at any time during training, by notice in writing, inform You that any person submitted for training is not suitable due to blatant criminal activities, disreputable behavior, poor attendance and/or disturbing fellow trainees. In this event, EME's obligations in respect to the first trainee shall be regarded as discharged and any further training for any replacement for the first trainee shall be provided at Your expense.
- D. EME shall have the right to require You to attend further training courses at any time during the Term of this Agreement if:
 - i. EME considers attendance at such courses to be advisable;
 - ii. EME wishes to train You in new and improved techniques that have been devised and which You will be required to put into effect in operating the System; or
 - iii. a regularly scheduled training program is scheduled or in session.

There will be no training fee or charge for these additional training classes; however, all costs of attendance shall be at Your sole expense.

Eight: CONTINUING TRAINING

- A. EME will train any subsequent Manager, replacement staff, or any trainee of Yours in any place EME may require, and at Your expense.
- B. You shall establish and maintain a training program for Your staff in accordance with the requirements contained in the Operating Manual.
- C. EME shall make available training for new equipment (whether provided by EME or its vendors or others) at Your expense.
- D. The training provided by EME's as described in Section Seven and this Section Eight are provided so that You, Your Manager and staff receive the benefit of EME's accumulated experience and knowledge relating to the Business and to ensure a uniform image and uniform quality of services in all **EmbroidMe** Stores. You acknowledge that You shall

be solely responsible for training Your Manager and staff. EME is not an employer, co-employer or joint employer with You of Your employees. You shall be solely responsible for all employment matters, decisions and relationships.

Nine: IMPROVEMENTS

EME shall endeavor to create and develop new and improved methods of conducting a business in accordance with the System.

- A. EME agrees to make these improvements, additions, modifications or innovations available to You at the earliest possible opportunity. You in turn will notify EME of any improvements, additions, modifications or innovations in Your method of operation which You believe would assist in the development of the System.
- B. In order that You, EME, and its other franchisees may all benefit from the free interchange of ideas, You shall permit EME to introduce into the System and/or the Operating Manual any improvements, additions, modifications, or innovations which may have been notified by You to EME without any payment being made to You.

Ten: FEES

In consideration of the grant of the franchise herein, You shall pay to EME the following:

- A. **Franchise Establishment Fee** Upon the execution hereof, You shall pay EME a franchise establishment fee of FORTY NINE THOUSAND FIVE HUNDRED DOLLARS (\$49,500.00), receipt of which EME hereby acknowledges. The franchise establishment fee shall be deemed fully earned and non-refundable upon the execution of this Agreement. A deposit of FIVE THOUSAND FIVE HUNDRED DOLLARS (\$5,500.00), if submitted prior to this Agreement, shall be credited against the Franchise Establishment Fee with the balance due and owing upon signing this Agreement.
- B. **Royalty Fees** During the Term of this Agreement, You shall pay to EME a monthly Royalty in an amount equal to:
 - (i) 6% of your Gross Revenues for the month until Your Gross Revenues for the calendar year exceed \$540,000; and then
 - (ii) 3% of Your Gross Revenues for the month until Your Gross Revenues for the calendar year exceed \$1,000,000.

No royalties are required to be paid on annual Gross Revenues exceeding \$1,000,000.

- C. **Marketing Fees** During the term of this Agreement, You will pay to EmbroidMe.com Advertising Fund, Inc., a Florida non-profit corporation, (the “Fund”) or its successors and assigns a weekly Marketing Fee of 1% of Your Gross Revenues for the week. The Marketing Fee can be increased or decreased as provided by the By-laws of the Fund.
- D. For the purposes of this Agreement, “Gross Revenue” means the entire amount of all of Your revenues arising out of the ownership or operation of the **EmbroidMe** Store or any business at or about the **EmbroidMe** Store. This amount is to include, without limitation, revenues derived from or relating to all sales and fees charged for products

and services rendered at, or for orders placed at or completed for delivery in, through, or from the **EmbroidMe** Store. The revenues are determined regardless of whether they are evidenced by cash, credit, checks, services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers, shall be deducted in computing Gross Revenue to the extent that such cash or credit represent amounts previously included in Gross Revenue on which Royalty and Marketing Fees were paid. Gross Revenue consisting of property or services shall be valued at the prices applicable, at the time such Gross Revenue are received, to the products or services exchanged for such Gross Revenue. EME may collect Royalties and Marketing Fees for any jobs remaining unpaid longer than the time frame provided in the Operations Manual.

- E. **Royalty Incentive Program** EME has instituted a Royalty Incentive Program for qualified franchisees. If the Franchisee is a qualified franchisee it shall pay royalties at a rate of 6% on a designated amount of annual Gross Revenue (the “Lower Cap Amount” and 3% on a higher designated amount of Gross Revenue (the “Higher Cap Amount”). When a franchisee’s Gross Revenues exceed the Higher Cap Amount, no further royalties will be required to be paid for the balance of the calendar year. EME shall determine, in its sole discretion from time to time the Lower Cap Amount and the Higher Cap Amount, for the **EmbroidMe** System. To be deemed a qualified franchisee, the Franchisee must be and remain at all times in compliance with the terms and conditions of this Agreement, including without limitation, the monthly payment of all Royalty Fees. If a franchisee fails to pay its monthly royalties on a timely basis, under reports its monthly Gross Revenues by more than 2% or commits another material breach of this Agreement which is not cured within fifteen (15) days of written notice of the breach, EME, in its sole discretion, may suspend the franchisee’s qualified franchisee status for the balance of the calendar year and the full calendar year following. If a franchisee is suspended, it will pay a royalty of 6% on all Gross Revenues until the suspension ends. The Franchisee acknowledges that EME reviews the propriety and utility of the Royalty Incentive Program on an annual basis and, in its sole discretion, may discontinue or modify same without prior notice at the end of any year in which it has been in effect.
- F. Payment of the Royalty Fee and the Marketing Fee will be through electronic transfer and shall be done on the second business day following the month -to which the Royalty Fee and Marketing Fee applies. EME reserves the right to change the time period on which the royalty or marketing fee is calculated, the date of payment of these fees and the method of payment from electronic transfer to such other manner of payment that EME deems appropriate.
- G. Upon execution of this Agreement and/or at any other time thereafter at EME’s request, You shall sign an authorization substantially in the form attached to this Agreement as Schedule C and all other documents necessary to permit EME to withdraw funds from Your designated bank account by electronic funds transfer in the amount of the Royalty Fee, the Marketing Fee and all other fees and amounts described in this Agreement. Any fee calculated by reference to Gross Revenue shall be based on the information obtained from the electronic point of sale system in Your computer. Should any electronic funds transfer not be honored by Your Bank for any reason, You agree that You shall be responsible for that payment plus any service charge applied by EME or its bank. If any payments due EME under this Agreement, whether to be paid by electronic funds transfer

or otherwise, are not received when due, interest on the amount past due will be charged interest by EME at the rate of 18% per annum or the maximum rate of interest permitted by law, whichever is less plus a late charge of \$10.00 per day for each day the payment is late. You acknowledge and agree that You have no right to withhold payment of the fees due under this Section Ten by right of Your dissatisfaction with EME's performance of its obligations under this Agreement and that if You are so dissatisfied, You will pursue other remedies at law which may be available. Additionally, in the event of non-payment by Franchisee of any of its obligations under this Agreement and the failure to cure such non-payment within 30 days of the due date of the payment, EME, at its option, may withhold services from the Franchisee including but not limited to store support, email access, remote support and website access.

- H. As security for all Your monetary and other obligations to EME, or its affiliates, You hereby grant to EME a first priority security interest in all of Your assets used in connection with the **EmbroidMe** Store and wherever located, including, without limitation, all furniture, fixtures, machinery, equipment, inventory, and all other property, (tangible or intangible), now owned or hereafter acquired by You, as well as all contractual and related rights of You under this Agreement and all other agreements between the parties. All assets subject to **EmbroidMe**'s security interest which can be kept within the Premises of the **EmbroidMe** Store shall be kept within said Premises and shall not be sold (except in the ordinary course of business), or transferred, assigned, conveyed, encumbered, destroyed, relocated, moved or removed from such Premises without EME's prior written consent. You agree to execute such financing statements, continuation statements, notices of lien, assignments, or other documents as may be required in order to perfect and maintain EME's security interest. EME agrees to subordinate its security interest to any working capital lender of Yours and to the purchase money security interest of an approved equipment vendor for any equipment purchased by You and used in the operation of the **EmbroidMe** Store. You shall pay all filing fees and costs for perfecting EME's security interest. You acknowledge that this Agreement constitutes a security agreement for the purposes of the attachment, perfection, and enforcement of the foregoing security interest. Upon the occurrence of any default under this Agreement, EME shall have and be entitled to exercise all rights to which a secured party may be entitled under the version of the Uniform Commercial Code of the state where the Premises are located.

Eleven: ACCOUNTING AND REPORTING

- A. You shall:
- i. install and use the Electronic Point of Sale ("EPOS") System specified by EME. You shall accurately record all transactions through EPOS and shall ensure that EME shall have access to Your EPOS at all times for the purpose of obtaining information relating to the Business. You shall execute the EMeBOSSEPOS License Agreement attached as Schedule D to this Agreement and comply with the terms thereof. In the event of any failure of the EPOS, during the operation of the Business, You shall manually keep accurate records which shall be entered into the EPOS as soon as may be practicable following rectification of the cause of the breakdown. Upon EME's request, You shall modify, upgrade and replace the EPOS System from time to time and shall also execute additional EPOS

System license agreements in connection with such modifications, upgrades and replacements of the EPOS System. If the EPOS System is modified, upgraded or replaced in its entirety, You shall install and use the modified, upgraded or new EPOS System in accordance with this Section.

- ii. maintain on the Premises in a form approved by EME (and preserve the same for at least six years after the end of the financial year to which they relate and thereafter for so long as any dispute shall remain outstanding between the parties) full and accurate balance sheets and profit and loss statements and all underlying or supporting records and vouchers (including the cash register rolls, bank statements and deposit slips) relating to the Business. You shall permit EME (or any person, firm or company nominated by EME) during business hours to inspect and take copies of Your books of account and records. If, on any such inspection, a discrepancy greater than 2% of Gross Revenue is found between the sums reported as Gross Revenue and the actual Gross Revenue for any reporting period, then You shall, without prejudice to any other rights which EME may have, reimburse EME for all costs incurred in conducting such inspection including travel, hotel, subsistence, salaries, and fees; and
 - iii. for each of Your accounting years supply to EME financial statements (including a balance sheet and profit and loss statement) for Your full accounting year prepared by Your accountant which shall be certified by You to EME as correct. Such certificate and financial statements shall be delivered to EME within 90 days from the end of the said accounting year.
- B. EME shall:
- i. have the right to verify all of Your sales directly with customers; and
 - ii. have the right to verify all of Your purchases and other expenses directly with Your suppliers, vendors, and employees.
- C. You acknowledge that EME has the capability to access remotely all EPOS data on the Franchisee's computer and other data which may be hosted on servers and that EME can use such data for such business purposes as it deems proper provided that EME will not sell, transfer or share such data to or with any other person or entity during the term of this Agreement except in connection with: (i) the transfer of this Agreement as permitted under Section Fifteen I of this Agreement; (ii) compilation of operating statistics on all franchises, or groups thereof, for public distribution; (iii) sales rankings and/or comparative sales charts and tables for publication to franchisees via an intranet site; (iv) financial performance representations for publication in EME's franchise disclosure documents for prospective franchisees; and (v) other similar data compilations.

Twelve: ADVERTISING/MARKETING

- A. You shall pay the Fund a monthly Marketing Fee as specified in Section Ten C. The Fund will have the right to use the Marketing Fees in its absolute judgment and apply it to national, regional, and/or local marketing programs and promotional campaigns, as well as Internet advertising, web hosting and development and franchise recruiting

efforts. The methods of marketing and promoting, media employed and contents, terms and conditions of marketing campaigns and promotional programs will be within the sole discretion of the Fund. EME will not be required to pay Marketing Fees in its role as franchisor; however, all **EmbroidMe** businesses that are owned and operated by EME (or an affiliate of EME) will be required to pay Marketing Fees in the same manner as **EmbroidMe** franchisees. As an EmbroidMe.com franchisee, You will be a voting member of the Fund with all of the rights and privileges provided to members under the By-laws of the Fund.

- B. The franchisee shall be responsible for all its own direct marketing and local advertising of the business. The Franchisee shall expend at least an amount equal to 5% (five percent) of all Gross Revenues on direct marketing or local advertising (including public relations) in each year. ~~Of that 5%, at least half must be spent on digital advertising such as online advertising, pay per click, search engine optimization of Your website, mobile marketing (text messaging) and establishment of QR codes.~~ EME also believes in and encourages the Franchisee to participate in cooperative advertising where available. For the purposes of this paragraph, the term “direct marketing or local marketing” shall mean all marketing and public relations costs, advertising and promotions effected through the medium of the Internet, mobile marketing, email and other digital communications media, local radio or television broadcasts, newspapers, periodicals, ~~billboard advertising, sales commissions~~ and public relations.
- C. You alone at all times shall be responsible for ensuring your marketing materials and activities conform to applicable laws and regulations, do not infringe the intellectual property rights of any third party, including the intellectual property rights of third parties whose brands, trademarks, trade names or logos appear on the Products offered for sale at the **EmbroidMe** Store, and conform to any applicable guidelines, directions or permissions published or provided by third parties in relation to the marketing, sale or promotion of the Products that contain or are associated with the brands, trademarks, trade names or logos of third parties. In addition, You shall comply with the criteria and/or guidelines that EME will establish from time to time for marketing and advertising (including public relations) activities. EME may require that Your advertising materials include contact information for obtaining information regarding EME franchises and the EME franchise system. EME may, from time to time, provide samples of certain marketing materials that You may duplicate and use, subject to You ensuring Your compliance with all applicable laws and regulations. In addition, EME may provide sample copies of Yellow Pages or other telephone directory advertising or reproduction proofs of newspaper advertising from time to time, which, if observed, will not require any consent from EME. All other marketing campaigns or promotional activities (including public relations) conducted by You shall be subject to the prior written approval of EME whose decision will not be unreasonably delayed. Our review and approval of Your marketing campaigns or promotional activities does not modify Your obligations as set forth in this Section, which remain your obligations alone and our review and approval is not a warranty of any kind. You shall be solely responsible for ensuring Your materials and activities conform to applicable laws and regulations.
- D. You shall, upon being requested to do so, provide EME with details of Your proposed marketing, advertising and promotional activities. You acknowledge that EME has explained the importance of the creation and maintenance of a full-time marketing

program. You further acknowledge that a vital factor to the success of any **EmbroidMe** Store lies in the creation and maintenance of a full-time marketing program. You agree to create and continuously conduct, during the Term a full-time and ongoing marketing program, and devote a minimum of three (3) hours per day, either personally or through an employee, to conducting such a marketing program. You further agree to create a marketing file and record all marketing activities therein. This file shall remain on the Premises and be available to EME to review upon reasonable notice.

- E. You acknowledge that nothing in this Agreement imposes upon EME or the Fund the duty or the obligation to provide direct or indirect marketing or promotion in relation to the **EmbroidMe** Store. Neither EME nor the Fund can ensure that its marketing or promotional activities will benefit You directly or be proportionate or equivalent to the Marketing Fees that You pay to the Fund.

Thirteen: INSURANCE

- A. You are required to obtain and maintain at Your cost and expense such policies of insurance in such amounts and from such carriers as may reasonably be required by EME from time to time throughout the Term. You shall periodically provide EME with such proof as EME may require from time to time that You have obtained and are maintaining the insurance coverage required hereunder. Such insurance shall include, without limitation:
- i. comprehensive general liability policy with a minimum combined single limit covering bodily injury and property damage with respect to the Premises and products, and completed operations of One Million Dollars (\$1,000,000);
 - ii. owned auto insurance with a minimum combined sign limit covering bodily injury and property damage of One Million Dollars (\$1,000,000); and
 - iii. all other insurance required by applicable law, including workers' compensation and disability (limits may vary according to geographical location). If the applicable laws in Your state do not require the owners of a business to be covered by workers' compensation insurance, You shall elect coverage for Yourself.
- B. You shall name EME as an additional named insured on all insurance policies required hereunder which policies shall be considered as primary in the event of loss or claim.
- C. You shall not terminate any insurance policy required to be obtained and maintained hereunder, nor modify or amend the terms thereof, without EME's prior written consent, which consent shall not be unreasonably withheld, and each policy must provide that it shall not be canceled, modified or subjected to non-renewal, without at least 10 days prior written notice to EME.
- D. This Section Thirteen references minimum requirements. You should consult Your local insurance agent and legal counsel to ensure Your Business is adequately insured, You have all insurance required by law or by the terms of any agreement to which You are a party.

Fourteen: TRADEMARKS

- A. You shall only use the Trademarks in connection with the operation of the Business and only in a form and manner approved by EME. All domain names and e-mail addresses used in Your business that include the word EmbroidMe must be approved in writing by EME and will be the property of EME.
- B. In no circumstances shall You apply for registration with respect to any of the Trademarks or which would conflict with the Trademarks, nor shall You take any action or refuse or decline to take any action which may result in harm to the Trademarks or put any registrations or applications to register at risk.
- C. You shall comply with EME's instructions in filing and maintaining the requisite fictitious, trade or assumed name registrations for the Trademarks.
- D. You shall, in all representations of the Trademarks on the Products, attach in a manner approved by EME such inscription as is usual or proper for indicating that such Trademarks are registered.
- E. You acknowledge that the use of the Trademarks outside the scope of this Agreement, without EME's prior written consent, is an infringement of EME's rights in the Trademarks, and You expressly covenant that during the Term, and after the expiration or sooner termination of this Agreement, You shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting the validity or right of EME to the Trademarks, or take any other action in derogation of such rights.
- F. In the event of any claim of infringement, unfair competition or other challenge to Your right to use the Trademarks, or in the event You become aware of any use of or claims to the Trademarks by persons other than EME or its franchisees, You shall promptly (but in no event more than 15 days later) notify EME in writing. You shall not communicate with anyone except EME and its counsel in connection with any such infringement, challenge, or claim except pursuant to judicial process. EME shall have sole discretion as to whether it takes any action in connection with any such infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim relating to the Trademarks. You must sign all instruments and documents, render any assistance, and do any acts that EME's attorneys deem necessary or advisable in order to protect and maintain EME's interest in any litigation or proceeding related to the Trademarks or otherwise to protect and maintain EME's interests in the Trademarks.
- G. If it becomes advisable at any time, in EME's sole discretion, to modify or discontinue the use of any of the Trademarks and/or use one or more additional or substitute names or marks, for reasons including, but not limited to, the rejection of any pending registration or revocation of any existing registration of any of the Trademarks, or the superior rights of senior users thereof, You will immediately, upon written notice from EME and at Your expense, make all changes or modifications to the Trademarks as specified by EME.

Fifteen: ASSIGNMENT & RESALE (SALE OF BUSINESS)

- A. You shall have the right to assign the Franchise and to sell the Business with the prior

written consent of EME, which consent shall not be unreasonably withheld and subject to the conditions listed in Section C below.

- B. EME will grant to a purchaser of the Business who is acceptable to it a franchise for a period equal to the term then being granted by EME to new franchisees (commencing the date of the sale of the Business) and upon similar terms and conditions to EME's then current form of franchise agreement, excluding the payment of an initial fee.
- C. Subject to Sections D through F below, the conditions required to obtain the written consent of EME to the sale of the Business by You shall be that:
- i. any prospective purchaser shall submit his offer in writing, shall be bona fide and at arm's length, and shall meet EME's standards with respect to the selection of new franchisees;
 - ii. the prospective purchaser or its management team must agree to successfully complete EME's initial training program prior to assuming the daily duties of the Business;
 - iii. the prospective purchaser must enter into a new franchise agreement prior to attending such training program as may be required by EME which agreement shall require the purchaser to upgrade, modify and/or replace the EPOS system used in the business to the then current system required of new franchisees;
 - iv. Your store is in compliance with EME's current standards for equipment, fixtures, signage, store displays and furnishings or must be brought into compliance prior to the completion of the transfer to the prospective purchaser;
 - v. You or the prospective purchaser shall pay to EME a transfer fee of the greater of \$29,500.00 or the then current transfer fee charged under the then current agreement;
 - vi. You must not, at the time of Your application for consent, be in breach of any of Your obligations to EME under the terms of this Agreement; and
 - vii. payment is made by You of all costs and all obligations by or of You to EME and any suppliers are discharged without any right of deduction or set-off.
- D. You shall, as soon as possible, submit to EME a copy of each written offer or full details of any other offer which You receive from any prospective purchaser to purchase Your Business from You, together with the following information:
- i. a financial statement and the business history of the prospective purchaser; and
 - ii. details of all terms that may have been agreed or proposed between You and the prospective purchaser.
- E. EME shall, in addition to its other rights under this Agreement, have an option to purchase the Business for the same amount and upon the same terms as the prospective purchaser has offered. In the event of: (i) a transfer or assignment of stock, share capital or similar ownership interest, or (ii) Your insolvency or bankruptcy, the offer shall be for

Your interest in this Agreement, and the equipment, inventory, fixtures and leasehold interest used in the operation of the Business. An amount and terms of purchase under these conditions shall be established by a qualified appraiser selected by the parties.

- F. EME shall have a period of 10 days after receipt of written notice and the information referred to in Section D above, to exercise its option to purchase by notice in writing to You. The sale and purchase shall be completed within 15 days following the service of EME's notice, or if any landlord's license is required, 10 days after such license shall have been obtained.
- G. For the purpose of this Section, any change in Your beneficial ownership of the issued share capital or of Your true control shall be deemed to be an assignment of this Agreement. In addition, in the event of any attempt by You to circumvent the provisions of this Section by selling or transferring all or any portion of the assets of the Business without transferring Your rights under this Agreement, You shall be liable to EME for the full amount of the fee due EME under Section Fifteen C.(iv) of this Agreement. Nothing within this Section 15.G is intended to or shall be construed as limiting EME remedies and damages in the event that Franchisee violates this Section 15.
- H. In the event of Your death or incapacity, where You are an individual, or in the case that You are a corporation, then in the event of the death or incapacity of the Principal, this Agreement will be transferable without additional fee or penalty, provided that the transferee meets EME's approval, as noted above in this Section Fifteen, which shall not be unreasonably withheld.
- I. EME reserves the right to sell or assign, in whole or in part, its interest in this Agreement. Any sale or assignment shall inure to the benefit of any assignee or other legal successor.

Sixteen: TERMINATION

- A. EME may terminate this Agreement by written notice to You without any opportunity to cure if:
 - i. You fail to commence the Business within the period of 180 days from the date of this Agreement;
 - ii. You fail to keep the **EmbroidMe** Store open for business for a consecutive period of 10 days unless this is because of major refurbishment or repair or because of the effects of explosion flood or fire or for a reason to which EME has given its prior written consent;
 - iii. in Your franchise application or supporting details You have provided EME with information which contains any false or misleading statements or omits any material fact which may make any statement misleading;
 - iv. You become insolvent, adjudicated a bankrupt, have a voluntary or involuntary petition in bankruptcy or any other arrangement under the bankruptcy laws filed by or against You, make an assignment for the benefit of creditors, or if a receiver or trustee in bankruptcy is appointed to take charge of Your affairs or property;
 - v. You commence dissolution proceedings or have such proceedings commenced

against You;

- vi. You permit a judgment against You to remain unsatisfied or un-bonded of record for 30 days;
 - vii. You knowingly maintain false, inaccurate, or incomplete books or records, or knowingly submit false report to EME;
 - viii. You receive 2 or more prior notices of default hereunder from EME during any twelve 12 consecutive-month period, notwithstanding that such defaults were cured;
 - ix. there shall be a purported or deemed assignment of this Agreement or of the Business other than a sale of the Business under and in accordance with the provisions of Section Fifteen;
 - x. the Franchisee hires an employee or former employee of EME in violation of Section Six Y; or
 - xi. EME suspects, on reasonable grounds, that any material proprietary information concerning EME's business, the System, or particulars of any communication from EME to You is being or has been communicated in any way to any competitor of EME by You or at Your direction, by any of Your employees (or the Principal or any of Your shareholders) or any other person associated with Your employees, the Principal, or any shareholder; or
- B. In addition to the immediate termination rights set forth in Section Sixteen A, EME may terminate this Agreement by written notice to You if You neglect or fail to perform any of Your other obligations under this Agreement including failure to pay any amounts due to EME under this Agreement or any other obligation of Franchisee to EME or submit reports, or You fail to provide the Services to the standards required by EME as set out in the Operating Manual, and You fail to remedy such default, neglect or failure to EME's satisfaction within (i) 15 days after written notice from EME in the case of failure to pay any amounts due or, (ii) in the case of any other default, neglect or failure, within 30 days after written notice from EME.
- C. All Your rights under this Agreement shall cease if EME terminates this Agreement under the provisions of this Section Sixteen.
- D. THIS LICENSE AGREEMENT MAY BE TERMINATED ONLY BY EME AND NO PROVISION IS MADE IN THIS AGREEMENT FOR THE UNILATERAL TERMINATION OF THIS AGREEMENT BY YOU.

Seventeen: CONSEQUENCES OF TERMINATION

Upon the expiration or sooner termination of this Agreement:

- A. You will immediately discontinue the use of the Trademarks, signs, cards, notices and other display or advertising matter indicative of EME, or of any association with EME or of the Business or Products of EME, and will make or cause to be made such changes in signs, cards, notices and other display or advertising matter, buildings and structures as

EME shall direct so as effectively to distinguish the business from its former public image and marketing image as an **EmbroidMe** Store including but not by way of limitation a change in the colors used. If within 30 days of such direction You fail or omit to make or cause to be made any change, then EME shall have the power (without incurring any liability to You), without Your consent, save this consent that You give irrevocably, to enter upon the Premises and to make or cause to be made any such change, at Your expense, which expense You shall pay on demand. In addition, all items that may have been loaned to You by EME, including the Operating Manual, shall be returned immediately to EME at Your expense. You shall also forthwith pay to EME (without any deduction or right of set-off) all sums of money which may be payable or owing (whether or not then due for payment) from You to EME or the Fund.

B. You shall further and forthwith:

- i. provide EME with an electronic file containing a list (including names addresses and telephone numbers) of all customers and all customer files including artwork, all past invoices, address card-file entries, and business cards; a copy of the customer list may not be sold or otherwise transferred to any person or entity without our written consent; and copies of such information can only be retained by You to the extent needed to file required tax returns;
- ii. assign to EME in such form as EME shall require, the benefit of such contracts with customers as EME may specify and pay over to EME any sums received on account of such contracts (without any deduction or right of set off);
- iii. join with EME in canceling any permitted user of the Trademarks;
- iv. cease the use of all material of whatever nature of which the copyright is vested in EME or where its continued use would in any way infringe EME's copyright; and
- v. maintain the System and other information relating to the conduct of the Business in strict confidence and secret, and not use, disclose, publish, or otherwise make it available to any third party.

C. You shall change and, if requested, assign to EME, any listed telephone numbers, fax numbers, domain names and e-mail address relating to the **EmbroidMe** Store and also execute any and all documentation necessary to assign any such telephone and fax numbers, domain names and e-mail address to EME. You hereby authorize and irrevocably constitute and appoint as Your attorney-in-fact for such limited purpose EME to take such actions and to make, execute, and deliver such documents for and on Your behalf as may be required to assign to EME the right to use and own such telephone and fax numbers, domain names and e-mail address, the foregoing power being a power coupled with an interest, and hereby direct the appropriate telephone company, domain name registry and internet service provider to so transfer the ownership of said numbers, domain names and e-mail address as may be directed by EME, in accordance with the Assignment of Telephone Numbers, Domain Names and E-Mail Addresses signed herewith, a copy of which form is attached as Schedule B.

D. You shall not maintain call forwarding telephone number referral with respect to any telephone numbers formerly used in connection with the **EmbroidMe** Store.

- E. In the event the Premises are leased from a third party, You shall, at EME's option, assign to EME Your interest in the Lease. You shall be and remain liable for all of its obligations accruing up to the effective date of any lease assignment. In conjunction with the foregoing, You shall execute and deliver to EME an Assignment of Lease in such form as may be requested by EME.
- F. Non-compete Covenant:
- i. Upon the expiration or termination of this Agreement and for a period of two years thereafter, You shall not, within a radius of ~~ten~~twenty five miles from the Premises or the premises of any other **EmbroidMe** store, be engaged, concerned, or interested in any capacity whatsoever in a business which competes with the **EmbroidMe** Business or any other business within the **EmbroidMe** Network (except as the holder of not more than 5% of the shares in any company whose shares are listed or dealt in any Stock Exchange or other recognized public market).
 - ii. You shall not, for a period of eight months after the expiration or termination of this Agreement, solicit for business from any person who was, during the period of two years prior to such expiration or termination, a regular customer of or in the habit of dealing with the Business.
 - iii. You acknowledge and confirm that the length of the term and geographical restrictions contained in this Section are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. You further acknowledge and confirm that Your full, uninhibited, and faithful observance of each of the covenants contained in this Paragraph will not cause You any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section will not impair Your ability to obtain employment commensurate with Your abilities and on terms fully acceptable to You, or otherwise to obtain income required for the comfortable support of Your family, and Your satisfaction of the needs of Your creditors. You acknowledge and confirm that Your special knowledge of the business of an **EmbroidMe** Store (and anyone acquiring such knowledge through You) is such as would cause EME and its franchisees serious injury and loss if You (or anyone acquiring such knowledge through You) were to use such knowledge to the benefit of a competitor or were to compete with EME or any of its franchisees.
 - iv. In the event any court shall finally hold that the time or territory or any other provision stated in this Section constitutes an unreasonable restriction upon You, You agree that the provisions of this Agreement shall not be rendered void, but shall apply as to time and territory or to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved.
- G. EME shall have the option (but not the obligation) to be exercised by providing written notice of intent to do so, within 30 days after the expiration or sooner termination of this Agreement, to purchase any items bearing the Trademarks or other assets owned by You, including, without limitation, any or all signs, advertising materials, supplies, inventory, equipment, furnishings, fixtures, or other items at a price equal to Your cost or fair

market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by EME whose costs shall be borne equally by the parties, and his or her determination shall be final and binding. The fair market value of tangible assets shall be determined without reference to good will, going concern value, or other intangible assets. If EME elects to exercise its option to purchase, it shall have the right to set off all amounts due from You under this Agreement, and the cost of the appraisal, if any, against any payment to You. Should You fail or refuse to execute and deliver the necessary documents to transfer good title to Your assets to EME, or its nominee, EME shall be entitled to apply to any court of competent jurisdiction for a mandatory injunction to compel You to comply with the rights granted in this Agreement. All costs and expenses relating to such litigation, including EME's reasonable attorneys' fees and costs, shall be payable by You to EME, upon demand, and may be credited by EME to the agreed purchase price.

Eighteen: ENTIRE AGREEMENT; FAILURE TO EXERCISE RIGHTS NOT TO BE A WAIVER

- A. You acknowledge:
- i. that You have been told that if there are any pre-contractual statements which You consider have been made to You which have induced You to enter into this Agreement, You are obliged to submit the particulars thereof to EME so that any misconceptions or misunderstandings can be resolved. In such case, an agreed form of pre-contractual statements upon which You relied on may be annexed to and made part of this Agreement;
 - ii. You have been given the opportunity to provide EME particulars of any pre-contractual statements which You consider have been made to You which have induced You to enter into this Agreement; and
 - iii. this Agreement therefore contains the entire agreement between the parties and accordingly no pre-contractual statements shall add to or vary this Agreement or be of any force or effect unless such pre-contractual statements are either contained in this Agreement or in an annex to it, and You waive any right You may have to sue for damages and/or rescind this Agreement for any pre-contractual statements not contained in this Agreement or an annex to it. Nothing in this Agreement shall be considered a waiver of reliance by You on the representations made in the Disclosure Document or its exhibits or amendments.
- B. In this Section, the expression "pre-contractual statements" includes written or oral pre-contractual statements or agreements, financial statements, profit projections, representations, warranties, inducements or promises whether or not made innocently or negligently.
- C. Your waiver contained in this Section shall be irrevocable and unconditional, but it is expressly provided that such waiver shall not exclude any liability of EME for pre-contractual statements made by it fraudulently.
- D. No failure of EME to exercise any power given to it under this Agreement or to insist upon strict compliance by You with any obligation and no custom or practice of the

parties at variance with the terms of this Agreement shall constitute any waiver of any of EME's rights under this Agreement.

- E. Waiver by EME of any particular default by You shall not affect or impair EME's rights in respect to any subsequent default of any kind by You nor shall any delay or omission of EME to exercise any rights arising from any of Your defaults affect or impair EME's right in respect to said default or any other default of any kind.

Nineteen: INDEPENDENT CONTRACTOR

- A. This Agreement does not create a fiduciary relationship or the relationship of principal and agent between You and EME. EME is an independent contractor and, except as expressly permitted under this Agreement for certain rights of EME, neither You nor EME will under any circumstances, act or hold itself out as an agent or representative of the other nor incur any liability or create any obligation whatsoever in the name of the other.
- B. You agree to take such affirmative action as may be requested by EME to indicate that You are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Premises and a notice on all stationery, business cards, sales literature, contracts, and similar documents which states that the **EmbroidMe** Store is independently owned and operated by You. The content of such plaque and notice is subject to the prior written approval of EME.
- C. You agree to take affirmative action to ensure that Your Manager and staff are conspicuously aware of the proper identity of their employer which is You and not EME and are also aware that notwithstanding any advice, guidance, standards and specifications provided by EME to Your Business, EME is not an employer, co-employer or joint employer with You of Your employees.

Twenty: ACKNOWLEDGEMENTS AS TO ADVICE GIVEN AND OTHER MATTERS

- A. You hereby acknowledge the exclusive right of EME in and to the **EmbroidMe** System as presently developed or as it may be improved and expanded during the term of this Agreement, including practices, know-how, trade secrets, designs, marks, logos, window graphics, store decoration, signs, and slogans presently in use and to be used hereafter.
- B. You understand and acknowledge the importance of EME's high standards of quality and service and the necessity of operating the business franchised hereunder in strict conformity with EME's standards and specifications.
- C. You acknowledge that EME, in giving advice to and assisting You in establishing the Business (including but without prejudice to the generality of the foregoing recommending equipment and materials, and the assessment of Your suitability) bases its advice and recommendations on experience actually obtained in practice and is not making or giving any representations, guarantees or warranties except that its advice is based upon such previous experience as it has and the degree of success or lack of success in its dealings on its own account and with its franchisees. You acknowledge that You have been advised by EME to discuss Your intention to enter into this Agreement with other franchisees of EME and Your business advisors and that You must decide on

the basis of Your own judgment of what You have been told by EME or such other franchisees whether or not to enter into this Agreement. You further acknowledge that You recognize that the business venture contemplated by this Agreement involves business risks and that Your success will be affected by Your ability and commitment as an independent businessperson.

- D. Except where the context otherwise requires, each of the restrictions contained in this Agreement and in each Section and Paragraph shall be construed as independent of every other restriction and of every other provision of this Agreement, and the existence of any claim or course of action by You against EME whatsoever shall not constitute a defense to the enforcement by EME of said restrictions or of any of them.
- E. It is expressly agreed between the parties hereto that having regard to the recitals and other provisions of this Agreement, each of the restrictive covenants contained in this Agreement and in each Section and Paragraph is reasonably necessary for the protection of EME, EME's intellectual property rights and the other franchisees of EME and does not unreasonably interfere with the freedom of action by You. You acknowledge that You have been advised by EME to obtain independent legal advice before executing this Agreement, and that You are fully aware of its provisions and accept that they are fair and reasonable in all the circumstances known to or in the contemplation of EME and You as of the date of this Agreement. In particular, You acknowledge that the provisions of this Agreement relating to the limits on Your right to make deductions or set offs (to which You may claim to be entitled) against payment of Royalties are fair and reasonable. You recognize that Your failure or refusal to make payments of such fees or contributions because of Your dissatisfaction with EME's performance may result in Your continued involvement in the **EmbroidMe** Network being subsidized by other franchisees who make payment of such fees and contributions. You also recognize that Your failure to pay such fees and contributions may adversely and materially affect the provision of services to franchisees who are members of the **EmbroidMe** Network. You accept that the remedies available to You are not affected by the set-off or deduction provisions of this Agreement and the remedies are sufficient for Your purposes including as they do a right to sue for damages.
- F. You warrant that, except pursuant to an agreement with EME entered into prior to the execution of this Agreement, You had no direct knowledge of the **EmbroidMe** Business or how to operate a business similar to the **EmbroidMe** Business or how to conduct the **EmbroidMe** Business or of EME's trade secrets, know-how methods or the System.
- G. In order to enable EME to ascertain whether You are complying with the obligations imposed upon You under this Agreement, and in order to enable EME to enforce rights given to it by this Agreement, EME may, at any reasonable time, enter the Premises without Your consent.
- H. YOU SPECIFICALLY ACKNOWLEDGE THAT THERE IS NO **EMBROIDME** STORE THAT MAY BE CONSIDERED TO BE A "TYPICAL" OR "AVERAGE" CENTER. EME MAKES NO REPRESENTATIONS OR GUARANTEES AS TO NET/GROSS SALES, PROFITS, COSTS OR EARNINGS YOU CAN EXPECT. YOU ARE NOT ENTITLED TO ANY COMPENSATION OR REIMBURSEMENT FOR LOSS OF PROSPECTIVE PROFITS, ANTICIPATED SALES, OR OTHER LOSSES OCCASIONED BY CANCELLATION OR TERMINATION. NO PERSON IS

AUTHORIZED TO GIVE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN OR INCORPORATED IN THIS FRANCHISE AGREEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

Twenty-One: NO WARRANTIES WITHOUT AUTHORITY

You shall make no statements, representations, or claims and shall give no warranties to any customer or prospective customer in respect to the Products sold by You or the Services or the System or any of them, except for those warranties which~~such as~~ are implied by law or may have been specifically authorized in writing by EME.

Twenty-Two: ACTIONS AGAINST FRANCHISEE

In the event any claim, demand, action, or proceeding is brought against You, or if You are notified of any violation of an applicable rule or statute, You will immediately (but in no event later than five days of such notification) notify EME thereof, giving full particulars, and will diligently and expeditiously defend, compromise, cure, or satisfy such claim, action, demand, proceeding, or violation.

Twenty-Three: ADDITIONAL REMEDIES OF EME

- A. You recognize that the business franchised hereunder is intended to be one of a large number of businesses identified by the Trademarks in selling to the public the products and services associated with the Trademarks, and hence the failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to EME, and damages at law would be an inadequate remedy. Therefore, notwithstanding any other provision of this Agreement, You agree that in the event of a breach or threatened breach of any of the terms of the Agreement by You, EME shall be entitled to seek an injunction restraining such breach and/or decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining said equitable relief. The foregoing equitable remedy shall be in addition to all remedies or rights that EME may otherwise have by virtue of any breach of this Agreement by You. EME shall be entitled to seek such relief without the posting of any bond or security, and if a bond shall nevertheless be required by a court of competent jurisdiction, the parties agree that the sum of \$100 shall be a sufficient bond.
- B. EME shall also be able to seek injunctive relief to prohibit any act or omission by You or Your employees that constitutes a violation of any applicable law, is dishonest or misleading to Your customers of other businesses, or constitutes a danger to Your employees or customers or to the public or which may impair the goodwill associated with the Trademarks.
- C. You expressly consent and agree that EME may, in addition to any other available remedies, obtain an injunction to terminate or prevent the continuance of any existing default or violation, and/or to prevent the occurrence of any threatened default by You of this Agreement.

Twenty-Four: NOTICES

- A. All notices that EME is required or may desire to give to You under this Agreement may be delivered personally or may be sent by certified mail or registered mail, postage prepaid, addressed to You at either the Premises address, or home address as noted in this agreement. All notices which You may be required or desire to give to EME shall be sent by certified mail or registered mail, postage prepaid, addressed to: EmbroidMe.com, Inc. 2121 Vista Parkway, West Palm Beach, FL 33411. The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed given upon personal delivery or 2 business days after deposit in the U.S. Mail.
- B. You must provide EME with immediate written notice of any breach of this Agreement, or any other agreement between You and any of the following parties, that You believe to have been committed or suffered by EME, its affiliates, or their respective owners, officers, directors, employees, or representatives. Notice of such breaches extends, without limitation, to breaches arising out of, or related to, the negotiation or performance of this Agreement by EME or concerning misrepresentations or any acts of misfeasance or nonfeasance. If You fail to give EME written notice within one year from the date of any such breach, then such breach shall be deemed to have been waived by You and, thereupon, You shall be permanently barred from commencing any action relating to such believed breach.

Twenty-Five: MEDIATION AND ARBITRATION; EQUITABLE RELIEF

- A. Except as stated in Section Twenty Three, any controversy or claim arising out of or relating to this Agreement, the business franchised hereunder or the relationship between the parties, including any claim that this Agreement, or any part thereof, is invalid, illegal, or otherwise void, shall be submitted to arbitration before the CPR Institute or the American Arbitration Association in accordance with its commercial arbitration rules, or any other mutually agreeable arbitration association. However, prior to any arbitration proceeding taking place, either party may, at its option, submit the controversy or claim to non-binding mediation before the CPR Institute in accordance with its National Franchise Mediation Program or the American Arbitration Association, if the CPR Institute or other mutually agreeable mediator, is unable to conduct the mediation, in which event both parties shall execute a confidentiality agreement reasonably satisfactory to EME. Upon submission, the obligation to attend mediation shall be binding on both parties. Each party will bear its own costs with respect to the mediation, except the fee for the mediator will be split equally. If the controversy or claim is submitted to arbitration, the reasonable attorney fees and costs of the prevailing party in the arbitration shall be paid by the non-prevailing party. The fee of the arbitrator(s) shall be split equally by the parties.
- B. The provisions of this Section Twenty Five shall be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them comply with the law. Notwithstanding any provision of this Agreement relating to the state laws under which this Agreement shall be governed by and construed under, all issues relating to its appropriateness for arbitration or the enforcement of the agreement

to arbitrate contained in this Agreement shall be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.).

- C. Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final, and cannot be appealed. EME and You (and their respective owners) waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.
- D. Prior to any arbitration proceeding taking place, EME or You may, at its respective option, elect to have the arbitrator conduct, in a separate proceeding prior to the actual arbitration, a preliminary hearing, at which hearing testimony and other evidence may be presented and briefs may be submitted, including a brief setting forth the then applicable statutory or common law methods of measuring damages in respect of the controversy or claim being arbitrated.
- E. This Section shall be deemed to be self-executing and shall remain in full force and effect after the expiration or sooner termination of this Agreement. In the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding such failure to appear.
- F. Mediation shall take place in Your home state. Arbitration shall take place in the city and state of EME's national headquarters.
- G. You acknowledge and agree that it is the intent of the parties that mediation or arbitration between EME and You shall be of EME's and Your individual claims, and that none of Your claims shall be mediated or arbitrated on a class-wide basis or on a joined or consolidated claim basis.

Twenty-Six: MISCELLANEOUS PROVISIONS

- A. This Agreement shall be binding upon the parties hereto, their heirs, successors, and permitted assigns. All persons signing as You shall be jointly and severally liable for its obligations to EME under this and any other agreements between the parties.
- B. As to any provision in this Agreement wherein approval is required, or modification desired, such approval or modification must be in writing and signed by the party to be charged.
- C. If any portion of this Agreement is declared to be invalid by any court, such determination shall not affect the balance of this Agreement and the same will remain in full force and effect.
- D. The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Palm Beach County, Florida, and that, therefore, each of the parties irrevocably and unconditionally: (a) agrees that any suit, action or legal proceeding arising out of or relating to the offer, negotiation, performance, validity or interpretation of this Agreement, where a Court of competent jurisdiction shall permit a suit to arise rather than compelling arbitration as

called for under Section Twenty Five of this Agreement, shall be brought only in the courts of record of the State of Florida in Palm Beach County or the District Court of the United States, Southern District of Florida; (b) consents to the jurisdiction of each such court in any suit, action or proceeding; (c) waives any objection which he, she or it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in the State of Florida. Notwithstanding the foregoing, if EME deems it necessary to commence an action in Your jurisdiction to more fully or expeditiously determine, interpret or protect its rights, it may do so.

- E. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and any other agreement relating to this Agreement and all transactions contemplated by this Agreement and any other agreement relating to this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws.
- F. The captions herein are inserted for convenience only, and will not be deemed or construed to be a part of this Agreement or to define or limit the contents of the paragraph thereof.
- G. You acknowledge that State and Federal law may require the EME to disclose Your home address in particular circumstances. You agree and give Your consent to use the same.
- H. THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO AND MADE A PART HEREOF CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES. NO OTHER AGREEMENTS, WRITTEN OR ORAL, SHALL BE DEEMED TO EXIST, AND ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, EXCEPT FOR OR OTHER THAN THOSE CONTAINED IN THE DISCLOSURE DOCUMENT AND ANY ADDENDUMS OR AMENDMENTS THERETO, ARE SUPERSEDED HEREBY. THIS AGREEMENT SHALL NOT BE BINDING UPON EME UNTIL EXECUTED BY AN AUTHORIZED OFFICER THEREOF. THIS AGREEMENT CANNOT BE MODIFIED OR CHANGED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY ALL OF THE PARTIES HERETO.

THE PARTIES HERETO acknowledge that they have read and fully understand all of the above and foregoing. By signing below, each party agrees to abide by all of the terms and conditions contained in this Agreement.

EMBROIDME.COM, INC.

FRANCHISEE:

By: _____
Print Name/Title:

Signature: _____
Print Name:

Date: _____

Date: _____

Signature: _____
Print Name:

Date: _____

Corporate Name (If Applicable):

By: _____
Print Name/Title Corporate Official:

Date: _____

STATE OF ILLINOIS

ADDENDUM TO FRANCHISE AGREEMENT

1. Section Twenty Six, entitled "MISCELLANEOUS PROVISIONS", of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

~~"Under Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other Law of this State is void."~~

2. Section Twenty Six D. and E. of the Franchise Agreement are amended to read as follows:

~~D. Each of the parties (a) agrees that any suit, action, or legal proceeding arising out of or relating to the offer, negotiation, performance, validity, or interpretation of this Agreement where a Court of competent jurisdiction shall permit a suit to arise rather than compelling arbitration as called for under Section 25, shall be brought only in the Federal or State courts of record of the State of Illinois; (b) consents to the jurisdiction of each such court in any suit, action, or proceeding; (c) waives any objection where he, she, or it may have to the laying of venue of any such suit, action, or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in the State of Illinois.~~

~~E. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et seq.), this Agreement on any other agreement relating to this Agreement, and all transactions contemplated by this Agreement and any other agreement relating to this Agreement, shall be governed by and construed and enforced in accordance with the internal laws of the State of Illinois without regard to principles of conflicts of laws.~~

3. Section 26 H. of the Franchise Agreement is amended to read as follows:

~~THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO AND MADE A PART HEREOF CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES. NO OTHER AGREEMENTS, WRITTEN OR ORAL, SHALL BE DEEMED TO EXIST, AND ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, EXCEPT FOR OR OTHER THAN THOSE CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT, ARE SUPERSEDED HEREBY. THIS AGREEMENT SHALL NOT BE BINDING UPON EMBROIDME.COM UNTIL EXECUTED BY AN AUTHORIZED OFFICER THEREOF. THIS AGREEMENT CANNOT BE MODIFIED OR CHANGED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY ALL OF THE PARTIES HERETO.~~

The undersigned hereby acknowledge having read this Addendum, understand its contents to be bound by all of its terms, and agree it shall become effective the _____ day of _____, 201__.

EMBROIDME.COM, INC.

By: _____
Franchisor Franchisee

Franchisee

-STATE OF MINNESOTA

ADDENDUM TO FRANCHISE AGREEMENT

1. Section Two E. of the Franchise Agreement is amended by adding the following language:

“The general release that is required as a condition of a renewal, sale, or transfer of the franchise shall not apply to liability of the Franchisor under the Minnesota Franchisor Act, MINN STAT §80C.01-22.”

2. Section Sixteen B. of the Franchise Agreement is amended by adding the following language:

“Minnesota Law provides franchises with certain termination and non-renewal rights. Minn. Stat. Sec. 80C. 14, -Subd. 3, 4, and 5 require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement”.

3. Section Twenty D. of the Franchise Agreement is amended by adding the following language:

“Minn. Stat. 80C21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Disclosure Document or this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights as provided for by the laws of the jurisdiction.”

Date: _____

EMBROIDME.COM, INC.

By _____

Franchisee

Franchisee

STATE OF NORTH DAKOTA

ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 200__, between EMBROIDME.COM INC. and Franchisee herein, to amend and revise said agreement as follows:

- 1. Section Two. E of the Franchise Agreement is amended by the following:

The Commissioner has determined that franchise agreements which require the franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust, and inequitable with the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- 2. Sections Seventeen F of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

Covenants not to compete upon termination or expiration of a franchise agreement are generally considered unenforceable in the State of North Dakota.

- 3. Section Twenty-Five of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special, or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under North Dakota Law.

The Commissioner has determined that franchise agreements which provide that parties agree to the arbitration of disputes at a location that is remote from the site of the franchisee’s business are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Section 51-19-09 of the North Dakota Franchise Investment Law provides that any provision in a franchise agreement requires that jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

- 4. Section Twenty-Six E. of the Franchise Agreement is amended by substituting State of North Dakota for State of Florida as the applicable law.

EMBROIDME.COM, INC.

BY: _____

Franchisee

STATE OF RHODE ISLAND

ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Agreement for EmbroidMe.com, Inc., for use in the State of Rhode Island, is amended as follows:

1. **Section Twenty-Six D.** shall be amended to read: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts' fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.
2. **Section Twenty-Six E.** shall be amended to read: §19-28.1-14 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.

Date: _____

EMBROIDME.COM, INC.

FRANCHISEE:

By: _____

STATE OF WISCONSIN

ADDENDUM TO FRANCHISE AGREEMENT

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISIONS OF THE FRANCHISE AGREEMENT INCONSISTENT WITH SAID LAW. WISCONSIN FAIR DEALERSHIP LAW, CHAPTER 135, 1973.

Section Sixteen – Termination: In accordance with the State of Wisconsin Fair Dealership Laws, the Franchisor, directly or through any officer, agent, or employee, may terminate, cancel, fail to renew, or substantially change the competitive circumstances of the franchise agreement with good cause. The burden of proving good cause shall be on the grantor.

The Franchisor shall provide Franchisee at least 90 days' prior written notice of termination, cancellation, non-renewal, or substantial change in competitive circumstances, and Franchisee shall have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice shall be deemed void.

The above notice provision shall not apply if the reason for termination, cancellation, or non-renewal is insolvency, the occurrence of any assignment for the benefit of creditors, or bankruptcy. If the reason for termination, cancellation, non-renewal, or substantial change in competitive circumstances is nonpayment of sums due under the license, the Franchisee shall be entitled to written notice of such default and shall have 10 days to remedy such default from the date of delivery or posting of such notice.

Section Seventeen – Consequences of Termination: In the event the Franchise granted herein is terminated by the Franchisor, as provided for above, then at the option of the Franchisee, the Franchisor shall repurchase all inventory sold by it to the Franchisee for resale under this Agreement at the fair, wholesale market value of such items. Such repurchase shall be only for merchandise that has affixed or printed on it a name, trademark, label, or other mark which identifies the Franchisor.

EMBROIDME.COM, INC.

BY: _____
Franchisor

Franchisee

Franchisee

EMBROIDME

Schedule A - United States 20165

SINGLE HEAD EMBROIDERY MACHINE

An Electronic Single-Head Embroidery Machine features an LCD screen with fifteen different needles to accommodate a large sewing field. This machine is capable of running small to oversized pieces. It can sew 1,000 stitches per minute and includes hoops and necessary accessories.

FOUR HEAD EMBROIDERY MACHINE

~~This consists of an Electronic Embroidery Machine capable of running one to four pieces at a time. It features a LCD screen with fifteen different needles per head and has a large sewing field. It can sew 1,000 stitches per minute and includes hoops and accessories.~~

ALL-IN-ONE PRINTER AND VINYL CUTTER

A compact 4 color process material print cut machine combines silver with other colors for unique metallic tones. The automatic contour cutting eliminates the need for reloading and/or repositioning. Machine comes with a startup package of Cyan, Magenta, Yellow and Black inks and a popular assortment of heat transfer materials. A custom stand will be provided.

GARMENT PRINTER

~~This Garment Printer is capable of printing directly to light colored adult shirts and standard canvas bags. It comes with starter inks and works with your Heat Press to ensure quality printing. A customized stand also comes with the machine.~~

EMBROIDERY STARTER KIT

~~This kit contains a variety of over 75 items such as thread, backing, scissors, and various needles. Also included is an additional collection of frames to hold non-wearables (bags, dog collars, blankets, etc.) and a separate frame to give you the ability to monogram on finished pockets on your embroidery machines. Another frame is included to give you the ability to monogram on finished pockets. A folding system is provided so you can neatly fold completed shirts.~~

GRAPHIC DESIGN STATION COLOR LASER PRINTER

~~This versatile color laser printer is used to generate a sealed proof of the finished design layout. The sealed proof aids in the production of the merchandise. The customer can approve this color proof before the actual item is generated.~~

GRAPHIC DESIGN STATION

The Graphic Design Station consists of a High Speed Graphics Card and Intel Quad- Core Processor, 16GB Ram and large capacity SATA 3 hard drive with a high resolution LCD monitor. This station features a network interface card, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, all necessary cables, switches and installation. This computer also has a warranty of Onsite/In-Home Service after remote diagnosis for 3-years.~~large capacity hard drive and a high resolution LCD monitor. This station features a network interface card, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, soundcard, all necessary cables, switches and installation. This system is coupled with a Color High Resolution Flat Bed Scanner.~~

GRAPHIC DESIGN SOFTWARE PACKAGE

This package includes clip art and fonts for custom designs for heat transferred, promotional products and screen-printed items.

~~This package allows the design for heat transferred, promotional products and screen printed items. Package includes clip art & fonts for transferred and screen printed items.~~

GRAPHIC DESIGN SOFTWARE PACKAGE

This package includes clip art and fonts for custom designs for heat transferred, promotional products and screen-printed items.

SOFTWARE SYSTEM/EQUIPMENT LICENSE

This license entitles you to utilize the EmbroidMe.com business software system on the computers provided.

EMBROIDERY SOFTWARE

Included in this package is the **Embroidery Software** with a collection of embroidery fonts, which is used to design, edit and produce stitched designs for your customers.

EMBROIDERY EDITING SOFTWARE

~~Included in this package is the **Embroidery Software** with a collection of embroidery fonts, which is used to design, edit and produce stitched designs for your customers.~~

EMBROIDERY STOCK DESIGN PACKAGE

Choose up 25 designs per month with this one-year subscription for embroidered stock designs.

These designs will be used to help new clients design a logo or individual customers looking for specialty items.

~~A collection of embroidered stock designs for customers without a logo and for individuals looking for embroidered items.~~

SOFTWARE SYSTEM/EQUIPMENT LICENSE

This license entitles you to utilize the EmbroidMe.com business software system on the computers provided.

MANAGEMENT AND MARKETING-DESIGN DESKS

~~This consists of Two (2) laminate desks with dual pedestals for your **Management Station** and your **Marketing-Graphic Design Station** are included. These desks will allow proper file storage and work area for you or your manager and your sales person.~~

DESIGN DESK

~~The design desk consists of one (1) Formica topped computer table with modesty panel. The furniture holds the graphic design station computer, the scanner, and a printer.~~

SALES DESK

This sales desk is a single pedestal laminated work space for your sales representative. This is a great work area for the short time they are in the office working on quotes and follow up calls. There is plenty of space for storage and to hold their **Marketing Tablet**.

PRINTER STAND

A compact multi-use printer stand features adjustable shelves for storage of paper and other office supplies. This stand is used for your **Network Printer** and includes casters for easy mobility.

POWER BACKUP SYSTEM

A battery backup and advanced surge protection system helps to prevent your **POS, management Management, and graphic Graphic design Design Station** computers as well as the ~~Garment Printer~~ from data loss.

HOOPING STATION

This shirt-hooping gauge aids in the placement of embroidered logos and text on shirts. Included is a pocket alignment guide to assist in the placement of logos above pockets.

STEAMER

The steamer is used to provide a clean finished look to your sample shirts and the completed items for customers.

HEAT PRESS

This stand alone, heavy-duty heat press enables you to provide customers with photographic t-shirts, mouse pads, bags & more. It also serves as the machine that applies lettering to team jerseys, uniforms & T-Shirts. The ~~auto Auto release Release feature Feature~~ on this heat press will release when production is complete.

CUSTOMIZED PRODUCTION TABLE & HEAT PRESS TABLE

These heavy-duty worktables provide a work surface used during several stages of embroidering garments including hooping, trimming and finishing. One table is lower for ergonomic use of your heat press.

PRODUCTION SCHEDULING SYSTEM

A ~~Job Production Scheduling System~~ is designed to aid you in scheduling and delivering your product on time, used with a ~~Production production Ticket Holders filing system~~ which house all necessary information to complete jobs. A **staging area** completes this system for storage and organization of your work.

POINT OF SALE STATION

The **Point of Sale Station** consists of a high speed Intel processor large capacity hard drive and a **high resolution LCD monitor**. This station features a large capacity hard drive, network interface card, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, soundcard, all necessary cables, switches and installation. This station operates the **Business Management Software P.O.S. (Point of Sale)**.

CUSTOMIZED BUSINESS SOFTWARE

The **Business Management Software P.O.S. (Point of Sale)** is utilized to quickly and accurately price your customer's orders. In addition, your Business Management Software P.O.S. provides you with automated invoicing and customer tracking. ~~(A monthly subscription is required for your maintenance and updates.)~~ The **Accounting Software** can be used to record monthly sales & expenses, handle payroll, generate business reports and customer mailing lists. The entire package has been designed to help your business run smoothly and efficiently. (A monthly subscription is required for your maintenance and updates.)

~~monthly sales & expenses, handle payroll, generate business reports and customer mailing lists. The entire package has been designed to help your business run smoothly and efficiently.~~

P.O.S. STATION LASER PRINTER

Invoices, quotation forms and record keeping reports are easily generated on this black and white laser printer that is linked to your **Point of Sale Station**.

ONLINE SUPPORT CENTER AND RESOURCES (O.S.C.A.RUFG HUB)

Access to our proprietary vendor/product-listing program known as **OSCARUFG Hub**, that ~~is~~will be used to easily find vendors, get product information, send and receive internal messages, communicate with other franchisees, and download logos with the click of a mouse.

MANAGEMENT COMPUTER

The **Management Computer** consists of a large capacity hard drive and a **high resolution LCD monitor**. This station features a network interface card, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, soundcard, all necessary cables, switches and installation.

MARKETING TABLET

A **Marketing Tablet** with Wi-Fi capabilities is included with your package. This Marketing Tablet is specifically for your sales and marketing to grow and promote your business.

LED-HDTV/MONITORS

Two (2) LED high definition television/monitors will be provided. One will be used in your conference room for presentations to your clients. The second will be used in the production area for assist your team with scheduling their many jobs. Wall mounting hardware is included.

CUSTOM CONFERENCE ROOM GLASS PARTITION WALL.

A custom glass partition wall separates the front resource center and professional conference room. The glass wall will feature privacy screening.

OVAL CONFERENCE TABLE WITH CHAIRS

This large Oval Conference Table with 4 Mid-Back swivel office chairs will be positioned in the conference room. This table will be located behind the **Conference Room Glass Partition Wall** and will be a comfortable area for you to entertain your clients while presenting on the **LED-HD/TV Monitors**.

PROMOTIONAL PRODUCT SOURCING SOFTWARE

This software will allow you to source promotional products by company name, keywords and price. Your first year is provided and includes a PPAI membership. (A continued monthly yearly subscription is required for your maintenance and hosting.)

MICROSOFT OFFICE 365 BUSINESS SUBSCRIPTION

One (1) year of **Microsoft Office 365 Business** subscription for 3 users includes the latest Desktop and Web version of Outlook, Word, Excel, and PowerPoint. One license cover 5 phones, 5 tablets & 5PC's or MAC per user. 1TB file storage and 24/7 phone & web support. The subscription will help simplify your business with the ability to collaborate with your team,

store files online, and give you the latest version of Microsoft Office Programs where and when you need them. (A continued yearly subscription is required for your maintenance and hosting.)

EMBROIDME WEB PAGE

This customizable ~~EmbroidMe web~~ **Web page Page** will showcase your products and services on the Internet. The website is complete with a contact page, photos and shopping cart for customers to shop online. (A monthly subscription is required for your maintenance and hosting.)

FOUR-THREE (43) TASK CHAIRS

Included are ~~four-three~~ (34) comfortable chairs for use at the graphic design station, the manager's desk, and the marketing desk, and one for working around the machines. Each chair is mounted on wheels and features a swivel base for ease of movement.

FILE CABINET

This vertical cabinet features suspension tracks for easy opening and closing of the four drawers, and will help organize your customer, vendor & business files.

MANAGEMENT-NETWORK PRINTER

A ~~Multi~~multi-function **Wireless** printer/fax/scanner is networked to the work stations computers to print documents and pricing information. attached to the management computer to print out documents and pricing information from the POS program and word processing program. It makes short run copies, sends and receives faxes and scans documents to your computer.

IN STORE COMPUTER NETWORK & SWITCH

This upgrade to your computers allows you to share your printers and files over a computer network. The switch allows you to share files, and internet access ~~the internet~~ over all the stores' computers. (DSL or Cable modem not included – Local Internet Service Provider required.)

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~~(DSL or Cable modem not included – Local Internet Service Provider required.)~~

MARKETING AND PRINTED MATERIALS

A collection of letterhead, envelopes, and vertical marketing brochures will be printed with your store's specific information. An assortment of 8 Page Booklets, pocket folders, thank you cards, and sew-out cards will also be provided to showcase your brand to new customers. Handbill flyers, mailers and one box of double sided color business cards will also be sent to you to help promote your new business.

VENDOR CATALOGS

A selection of EmbroidMe imprinted catalogs from some of our preferred wearable and promotional product vendors.

COMPLETE CUSTOMIZED RESOURCE CENTERSHOWROOM

A well-organized contemporary store, ~~colorful and professional~~ lobby is important in a retail location. Your Resource Center's ~~showroom's~~ appearance is given a modern, "high-tech" feel with the **Customize Conference Room Glass Wall Partition**, retail racks, shelves & other display pieces. ~~This customized showroom package also includes mannequins, fixtures, hat display racks, slat wall, slat wall displays, 2 and 4 way racks, head forms, shelves, & other~~

accessories. ~~A **Director's Chair** that has a removable back so you can embroider our logo is also included.~~

SHOWROOM SAMPLE PACKAGE

This includes an initial supply and inventory of commonly sold shirts, jackets, caps, team wear and other items you can embroider/print on.

SERVICE COUNTERS

~~You will have sufficient workspace for receiving jobs from your customers with these customized **service Service countersCounters**. A point of sale station houses your business management system(POS), a lockable **Cash Drawer** is installed under the POS Computer to organize your currency. An A.D.A. approved counter aligned next to the POS stationThe counter has a smooth, clean work surface. A glass display case allows for the orderly and neat presentation of various products. A lockable **Cash Drawer** is installed under the POS Computer to organize your currency.~~

PROMOTIONAL PRODUCTS SHOWCASE

~~This half view glass showcase will exhibit promotional products (pens, cups, mouse pads, key chains, etc.). The unit features sliding doors and internal glass shelves.~~

PROMOTIONAL PRODUCTS SAMPLES

~~These samples will fill your display casesresource center and showroom with an assortment of pens, coolies, mouse pads, key chains, mugs, stress balls, and many more items— to really show your clients the multitude of items you provide.~~

GARMENT STORAGE RACKS

~~This consists of two (2) heavy duty garment racks. These heavy duty racks provide plenty of storage space for showroom overflow.~~

SHOWROOM AND POINT OF PURCHASE SIGNAGE

Internal Showroom Signs provide customers with direction of your services. Also, a large EmbroidMe Sign hangs on the wall behind the service counter.

****OPENING BANNER & A-FRAME**

This Banner will display the opening of your store and the A-Frame will display the products and services you provide.

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****FRONT WINDOW GRAPHICS**

Quality ~~multi~~-color vinyl window graphics will tell your customers who you are, the products you produce and some of the many brands you carry. Included are your store hours and graphical icons of shirts and caps.

****SIMULATED NEON WINDOW SIGN**

~~For display in your window, this electric sign works 24 hours a day to help promote your business.~~

****OPENING BANNER & A-FRAME**

~~This Banner will display the opening of your store and the A-Frame will display the products and services you provide.~~

****VEHICLE GRAPHICS**

The EmbroidMe logo and your store’s contact information will be displayed on a car or truck of your choice and will increase your brands exposure.

****ELECTRIC OUTDOOR SIGN**

The EmbroidMe logo is proudly displayed on an illuminated sign up to 2’x15’, dominating the face of your store. The sign is constructed of the finest materials and will serve as a tremendous advertisement for your business.

SHIPPING AND DELIVERY

Shipping, delivery and installation are included in the package.

* * * * *

Equipment Total \$13489,995

** Plus Tax and Customs for all Equipment and Furnishings.*

**All interior and exterior signs may be subject to approval by local municipal authorities and landlords. If changes are required, EMBROIDME.COM, INC. will order signs to conform to the landlord’s and municipal authority’s requirements.

Because we are constantly improving our products and equipment, we reserve the right to revise, change and/or substitute product features, dimensions, specifications and designs without notice to improve our stores capabilities and quality. Prices are subject to change without notice.

SCHEDULE B

ASSIGNMENT OF TELEPHONE NUMBERS, DOMAIN NAMES AND EMAIL ADDRESSES

Date: _____

This assignment shall be effective as of the date of termination of the Franchise Agreement entered into between EME and _____ (“Franchisee”). Franchisee hereby irrevocably assigns to EME or its designee the telephone number or numbers and listings, domain names and email addresses issued to Franchisee with respect to each and all of Franchisee’s **EmbroidMe** businesses. Franchisee agrees to pay all amounts, whether due and payable or not, that any domain name registry (“Registry”) or internet service provider (“ISP”) may require in connection with such transfer. This assignment is for collateral purposes only and EME shall have no liability or obligation of any kind whatsoever arising from this assignment, unless EME desires to take possession and control over the telephone numbers, domain names and email addresses.

EME is hereby authorized and empowered upon termination of the Franchise Agreement and without any further notice to Franchisee to notify the telephone company, as well as any other company that publishes telephone directories (“telephone companies”), the Registry and the ISP to transfer the telephone numbers, domain names and email addresses to EME or such other person or firm as is designated by EME. In furtherance thereof, Franchisee hereby grants an irrevocable power of attorney to EME and appoints EME as its attorney-in-fact to take any necessary actions to assign the telephone numbers, domain names and email addresses including but not limited to, executing any forms that the telephone companies, the Registry or the ISP may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, the Registry and the ISP and the telephone companies, the Registry and the ISP may accept this assignment and EME’s instructions as conclusive evidence of EME’s rights in the telephone numbers, domain names and email addresses and EME’s authority to direct the amendment, termination or transfer of the telephone numbers, domain names and email addresses as if they had originally been issued to EME. In addition, Franchisee agrees to hold the telephone companies, the Registry and the ISP harmless from any and all claims against them arising out of any actions or instructions by EME regarding the telephone numbers, domain names and email addresses.

FRANCHISEE

EMBROIDME.COM, INC.

Signature: _____

By: _____

Print Name:

Print Name/Title:

Signature: _____

Date: _____

Print Name:

Initials _____

SCHEDULE C

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO EMBROIDME.COM, INC.
("PAYEE")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

~~(4) A withdrawal of \$50.00 per month will be executed from this account for a fee.~~

Select All That Apply: Monthly Royalty Monthly Note Payment Website Hosting & Maintenance Fee

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____

(Please attach one voided check for the above account)

Store Location: _____

Store #: _____

Address: _____

Phone #: _____

Fax #: _____

Name of Franchisee/Depositor (please print)

By: _____
Signature and Title of Authorized Representative

Date: _____

Initials _____

EMeBOSSEPOS
SOFTWARE LICENSE AGREEMENT

THIS LICENSE AGREEMENT is a legal agreement between you as a franchisee of EmbroidMe.com, Inc. and EmbroidMe.com, Inc. for the computer software known as EMeBOSSEPOS Version 2.0 (herein "Software Product") which includes computer software and associated media and printed materials and may include online or electronic documentation. By installing, copying or otherwise using the Software Product, you agree to be bound by the terms of this License Agreement.

1. The Software Product is protected by copyright laws and international copyright treaties, as well as other intellectual property laws and treaties. The Software Product is licensed to you, not sold. All title and copyrights in and to the Software Product, any accompanying printed materials and any copies of the Software Product are owned by EmbroidMe.com, Inc or its suppliers. You must treat the Software Product like any other copyrighted material.
2. You are granted the right to install and use the Software Product on computers which are used in conjunction with the operation of your EmbroidMe store and for no other purpose.
3. You will have access to all updates to the Software Product, database files for vendors and support of Software Product by telephone and e-mail. Subject to the provisions of Paragraph 4 below, you agree to pay a Monthly Maintenance Fee of \$50.00 for 2 licenses and \$75.00 for 4 licenses or more for access to the updates, support and vendor databases. Payment must be made within 10 days of monthly billing by credit card. If payment is not made when due, EmbroidMe.com, Inc can cancel your access as described above until your account is brought current.
4. If you are an EmbroidMe franchisee purchasing a new store, a copy of the Software Product is provided to you as part of your equipment package and you will receive support from EmbroidMe and updates to the Software Product without charge for 90 days from the date you install the Software Product. However, you must register the software within 30 days of installation. If you are an existing EmbroidMe store using Biztrack or Fast Manager, you can convert to the Software Product for a fee of \$200.00. In all cases, you will be required to pay the Monthly Maintenance Fee as provided in Paragraph 3 above.
5. The license granted by this Agreement is non transferable except in connection with a transfer of your EmbroidMe franchise and business to a person(s) approved by Embroidme.com, Inc.
6. By executing this Agreement, you grant access and consent to EmbroidMe.com, Inc. downloading certain information from your store computer including sales and customer data and operational statistics and using the information (which may include personal information) in the manner specified below. EmbroidMe.com, Inc. may collect information obtained by it under this Paragraph 6 for the purposes of controlling, administrating and promoting the network of EmbroidMe.com, Inc.

Initials _____

franchisees. Information that EmbroidMe collects may be used in relation to and disclosed to:

- a. persons engaged by EmbroidMe.com, Inc. to assist in the recruitment of EmbroidMe.com, Inc. franchisees;
- b. persons who provide administrative or other services to EmbroidMe.com, Inc., including its professional advisers;
- c. current and prospective financiers and lenders of EmbroidMe.com, Inc.; and on a confidential basis, parties proposing to acquire an interest in EmbroidMe.com, Inc. or a related entity of EmbroidMe.com, Inc.

You may request access to information held by EmbroidMe.com, Inc. collected from you by making a written request to EmbroidMe.com, Inc.

7. If you violate the terms of this Agreement, EmbroidMe.com, Inc without, notice to you, may terminate this Agreement if you fail to comply with the terms and conditions of this Agreement, including timely payment of the monthly maintenance fee. In such event, you must cease all use of the Software Product and return all copies of the Software Product.
8. If your Franchise Agreement expires or is terminated by either party, this Agreement automatically terminates without either party needing to do anything further and you must immediately cease all use of the Software Product and return all copies of the Software Product.
9. EmbroidMe.com, Inc. warrants that the Software Product will perform substantially in accordance with the written materials provided to you. To the maximum extent permitted by applicable law, EmbroidMe.com, Inc. and its suppliers exclude all express or implied warranties including warranties of merchantability, fitness for a particular purpose or that the Software Product will be error free. To the maximum extent permitted by applicable law, the total liability of Embroidme.com, Inc. and its suppliers under this warranty and your exclusive remedy shall be the repair or replacement of the Software Product that does not perform as warranted. This warranty is void if failure of the Software Product has resulted from accident, abuse or misapplication. EmbroidMe.com, Inc. makes no warranty of any kind with regard to the accuracy of information, including product pricing, contained in the vendor databases. If you find a pricing discrepancy in a vendor database, please report it immediately to emeboss@embroidme.com or such other email address as may be provided for notification in the future.
10. To the maximum extent permitted by applicable law, in no event shall EmbroidMe.com, Inc. or its suppliers be liable for any special, incidental, indirect or consequential damages whatsoever (including without limitation, damages for loss of business, inaccurate price calculation due to pricing errors in vendor databases, business interruption, loss of business information or any other pecuniary loss) arising out of the use or inability to use the Software Product.

Initials _____

11. This Agreement is governed by the laws of the State of Florida.

FRANCHISEE

EMBROIDME.COM, INC.

Signature: _____

By: _____

Print Name:

Print Name/Title:

Signature: _____

Date: _____

Print Name:

Print Name/Title:

Store Location

Initials _____

FRANCHISEE’S RATIFICATION

In consideration of the execution of the foregoing Franchise Agreement with **EmbroidMe.com, Inc.** (“EME”), the Franchisee hereby acknowledges that:

I have read and understood the foregoing Franchise Agreement and understand that if I do not understand any terms of the Franchise Agreement, or if I do not understand any terms of the Offering Circular, I have the right to have my own attorney explain any terms of this Agreement to me.

EME ENCOURAGES YOU TO SEEK THE ADVICE OF ANY ATTORNEY PRIOR TO SIGNING THE FRANCHISE AGREEMENT.

I understand that although EME will provide assistance and advice, as outlined in the Franchise Agreement, EME cannot guarantee my success as an EmbroidMe Franchisee, and my earnings as an EmbroidMe Franchisee will be primarily dependent upon MY INDIVIDUAL EFFORTS in operating my EmbroidMe center.

I acknowledge that neither EME nor any of its directors, officers, agents, or employees have made any claims or representations whatsoever regarding potential revenues, earnings, or profits, that a Franchisee will achieve as the owner of an EmbroidMe center. I represent that I have entered into the Franchise Agreement without relying upon any claim or representation not contained in the Offering Circular, and to do so would be unreasonable. I understand that EME is relying upon my representations in making its decision to grant the Franchise.

While EME has offered assistance, I UNDERSTAND THAT I AM ASSUMING FULL RESPONSIBILITY FOR, AND HAVE HAD THE FINAL ULTIMATE APPROVAL OF, THE SITE SELECTED AND THE LEASE EXECUTED FOR THAT SITE. I further understand that I have the right to have my own attorney review the Lease and explain to me any provisions of the Lease.

Executed this _____ day of _____, 201__.

Franchisee –

Franchisee –

A corporation organized under the Laws of the State of _____.

Initials _____

EXHIBIT B

XHUEQUIPMENT LEASE

LEASE FINANCE AGREEMENT

VFS LLC

7424 Foxburg Ct. Clarkston, MI 48348

DATE

Lessee Company Name, Billing Address, City, State, Zip, County, EIN, Supplier of Equipment, Equipment, Quantity, Equipment Cost, Equipment Location

SCHEDULE OF LEASE PAYMENTS

Table with 9 columns: Initial Term, Number of Payments, Lease Payment, Purchase Price, Payment Due Date, Processing Fee, Advance Payments, Security Deposit, Initial Amount Due

THIS LEASE IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREIN, INCLUDING ALL ADDENDA, RIDERS, AND EXHIBITS, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ.

LESSEE: Lessee Name, LESSOR: VFS LLC, Name of Authorized Signer for Lessee, Name of Authorized Signer for Lessor, (Authorized Signer) Patrick H. Callahan

GUARANTEE: To induce Lessor to enter into a Lease with Lessee Name, the undersigned Guarantor(s) personally, absolutely, and unconditionally guarantees payment and performance of all terms and conditions of this Lease Agreement without exception or limitation.

ACKNOWLEDGMENT OF EQUIPMENT DELIVERY AND ACCEPTANCE: By execution hereof, you acknowledge that the Equipment has been delivered, duly assembled, and is in good working order.

REPRESENTATIONS: You acknowledge that Lessor is not an agent of supplier and that no salesman or agent of the supplier of the Equipment is authorized to waive or alter any term or condition of this Lease Agreement.

WARRANTY: Lessor, not being the manufacturer of the Equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE, USE OR OTHERWISE.

TERMINATION AND LEASE PAYMENT: The initial term of this Lease is set forth above ("Initial Term"). The Lease begins upon the earlier of the following dates: (a) the Acceptance Date as indicated above.

STATUTORY FINANCE LEASE: You agree and acknowledge that it is the intent of both parties that this Lease qualifies as a statutory finance Lease under Article 2A of the UCC.

NOTICE: Delivery of all notices under this Lease shall be sufficient if in writing and mailed via certified mail or overnight delivery to us at 7424 Foxburg Ct. Clarkston, MI 48348 until otherwise notified in writing.

ASSIGNMENT BY LESSEE PROHIBITED: YOU SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE OR ANY INTEREST THEREIN.

ARBITRATION AND JURY WAIVER: This Lease shall be deemed to have been made and delivered, governed by and construed in accordance with the laws of the State of Michigan, and you consent to the arbitration of any dispute arising out of or in connection with this Lease.

Nationwide Specialty VFS
VFSVACH Authorization Form
VFS ACH Authorization Form

As a condition of our Lease Agreement, this form will be used for payments.

Lessee:

Lease Agreement Dated:

Lessee hereby authorizes VFS LLC to initiate electronic debits from the account and depository shown below:

Name on Bank Account:

Bank Name:

Draft Amount: \$

Bank Account Routing/Transit Number*:

Bank Account Number*:

*See below for an explanation of where to locate these two sets of numbers on your bank check.

Authorized Signature Date

Explanation of Check Numbers

Bank Routing/Transit Number — This is a nine digit number separated by a bar and a colon | : |:

Account Number — This number may appear as the second, first or third series of numbers. Please read carefully.

Check Number — Matches number in the upper right corner of check. NOT REQUIRED FOR ACH. To protect the integrity of this program, please maintain a bank balance sufficient to honor charges presented for payment.

If you change banking arrangements, sufficient funds should be left in the account to honor charges presented for payment.



Schedule A

Qty Item Description

OMNI LEASE NUMBER _____

OMNI LEASING CORPORATION ("LESSOR"), 3033 South Parker Road, Suite 502, Aurora, CO 80014, TEL (720) 748-2340, FAX (720) 748-3998
NAME AND ADDRESS OF LESSEE ("LESSEE") SUPPLIER OF EQUIPMENT ("SUPPLIER") (Complete Address) (Complete Legal Name) _____

PERSON TO CONTACT TELEPHONE NO. SALESPERSON TELEPHONE NO. _____

1. SCHEDULE OF RENT PAYMENTS ("Rent Payments") DURING INITIAL TERM OF LEASE.

<u>TERM OF LEASE NO. OF MONTHS</u> (Payments Due Monthly)	<u>NUMBER OF PAYMENTS</u>	<u>AMOUNT OF EACH RENT PAYMENT</u>	<u>TOTAL INITIAL PAYMENT</u> ("Initial Payment")	<u>INITIAL PAYMENT REPRESENTING</u> <u>PAYMENT FOR: FIRST AND LAST</u> <u>ONE TWO THREE</u> <u>FOUR RENTS</u>
		<u>Plus Applicable Taxes</u>		

DESCRIPTION OF EQUIPMENT / (Include make, year, identification and model numbers or marks) (OTHER)

OMNI LEASING CORPORATION, Lessor _____ LESSEE _____

Seq. Schedule A Attached Hereto and Made a Part Hereof. PLUS ALL ACCESSORIES, ATTACHMENTS, ADDITIONS AND/OR REPLACEMENT PARTS.

By _____ Authorized Signature and Title _____
 _____ Authorized Signature and Title _____
 By _____ EQUIPMENT LOCATION (IF NOT AT ABOUT ADDRESS OF LESSEE): _____
 _____ Print or Type Name _____
 _____ Print or Type Name _____

TERMS AND CONDITIONS OF EQUIPMENT LEASE AGREEMENT ("Lease")
 Dated as of _____
 By _____
 _____ Authorized Signature and Title _____

EFFECTIVE DATE OF LEASE: _____
 _____ Print or Type Name _____

ADDITIONAL PROVISIONS:
 Dated as of _____ Dated as of _____

THIS IS A NON-CANCELABLE LEASE, EQUIPMENT TO BE INSURED BY LESSEE.

1. LEASE. LESSOR hereby leases and/or grants to LESSEE the right to use, and LESSEE hereby leases from and/or agrees to accept the right to use, subject to the terms and conditions herein set forth, the item(s) of personal property including but not limited to hardware and/or software and herein referred to as the "Equipment." The Rent Payments shall commence on the date of delivery and installation of the Equipment to be leased hereunder (the "Effective Date"), and shall continue thereafter to be paid on the same day of each succeeding month or other calendar period, or, if such day is the 29th, 30th, or 31st of the month, on the last day of any calendar month which does not contain such day, in the amount specified and for the total number of payments as provided in the Schedule of Rent Payments as set forth above.
2. LESSEE'S INDEMNITY, WAIVER OF DAMAGES AND WAIVER OF WARRANTIES FROM LESSOR. a) LESSEE LEASES THE EQUIPMENT FROM LESSOR "AS IS." LESSOR MAKES ABSOLUTELY NO WARRANTIES, EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, NO EXPRESS OR IMPLIED WARRANTY SHALL BE CREATED AS A RESULT OF ANY DESCRIPTION OF THE EQUIPMENT CONTAINED IN THIS LEASE OR OTHERWISE PROVIDED TO LESSEE, NOR AS A RESULT OF ANY SAMPLE OR MODEL THAT MAY HAVE BEEN SHOWN OR DISPLAYED TO LESSEE; b) IF THE EQUIPMENT IS NOT PROPERLY INSTALLED, DOES NOT OPERATE AS REPRESENTED OR WARRANTED BY THE SUPPLIER, OR IS UNSATISFACTORY FOR ANY REASON WHATSOEVER, LESSEE SHALL MAKE ANY CLAIM ON ACCOUNT THEREOF SOLELY AGAINST THE SUPPLIER, AND LESSEE HEREBY WAIVES ANY SUCH CLAIM AGAINST LESSOR. TO THE EXTENT AVAILABLE, ALL WARRANTIES FROM THE SUPPLIER TO LESSOR ARE HEREBY ASSIGNED TO LESSEE FOR THE TERM OF THIS LEASE FOR LESSEE'S EXERCISE AT LESSEE'S EXPENSE; c) LESSEE SHALL RELEASE, INDEMNIFY AND HOLD LESSOR HARMLESS FROM AND SHALL BE RESPONSIBLE FOR ANY LOSS, DAMAGE OR INJURY TO PERSONS OR PROPERTY CAUSED BY THE EQUIPMENT; d) NO REPRESENTATION OR WARRANTY BY THE SUPPLIER OR SALESPERSON IS BINDING ON LESSOR NOR SHALL BREACH OF SUCH WARRANTY RELIEVE LESSEE OF LESSEE'S OBLIGATIONS TO LESSOR; AND e) IN NO CASE SHALL LESSOR BE LIABLE TO LESSEE FOR PUNITIVE, EXEMPLARY, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES.
3. USE. LESSEE SHALL USE THE EQUIPMENT SOLELY IN THE CONDUCT OF ITS BUSINESS, AND IN A CAREFUL AND PROPER MANNER, AND WILL NOT, WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, ASSIGN THIS LEASE OR ANY OF ITS INTEREST HEREBUNDER.
Additionally, LESSEE at its own cost and expense, shall keep the Equipment in good repair, condition and working order and shall furnish any and all parts and labor required for that purpose. LESSEE shall not make any alterations to the Equipment without the prior written consent of LESSOR. All accessories, parts, replacements, additions, wiring, cabling, operating systems and software for or which are added to or become attached to the Equipment shall immediately become the property of LESSOR and shall be deemed incorporated in the Equipment and subject to the terms of this Lease as if originally leased hereunder. LESSEE covenants that its use of the Equipment will be lawful.
4. LOCATION. The Equipment shall be located at the address to which the Equipment is to be shipped and shall not be removed from such location without the prior written consent of LESSOR. The Equipment will be used solely within the United States of America.

LESSEE'S INITIALS _____

~~OMNI LEASING CORPORATION Lease Agreement No. END OF LEASE AGREEMENT~~

~~LESSOR: LESSEE: Omni Leasing Corporation 3033 S. Parker Rd. Suite 502 Aurora, CO 80014~~

~~Recitals~~

~~A. Lessee and Lessor executed Equipment Lease No. _____ on _____, 20____ and wish to amend some of the terms and conditions contained in the foregoing lease as set forth herein.~~

~~B. All of the capitalized phrases set forth in this Addendum shall possess the same definitions set forth in the foregoing lease.~~

~~Agreements~~

~~1. The following language shall be added to the Lease: PURCHASE OPTION. Lessee shall be entitled to purchase the Equipment at the expiration of the Term of the~~

~~Lease so long as:-~~

~~(i) Lessee has paid and performed all of its obligations to Lessor under the Lease;~~

~~(ii) No default has occurred under the Lease and not been cured in accordance with the terms and conditions set forth therein;~~

~~(iii) Lessee pays Lessor one of the following amounts in addition to all of the other amounts payable under the Lease and all taxes, fees, assessments and other charges pertaining to the sale of the Equipment:-~~

~~X \$, plus applicable taxes~~

~~1. Upon the satisfaction of the foregoing conditions, Lessor shall assign to Lessee all of its rights, title and interest in the Equipment "AS IS" and "WITH ALL FAULTS" and without any express or implied representations or warranties of any kind including, but not limited to, those pertaining to title, condition, design, capacity, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, or absence of infringement upon any patents, copyrights, trademarks, licenses, or other intellectual property.~~

~~2. By exercising such purchase option, Lessee shall be deemed to have waived and forever discharged Lessor and its shareholders, directors, officers, employees and agents from all Claims existing or accrued as of the latter of the Lease.~~

~~3. All of the terms and conditions set forth in the Lease shall remain in full force and effect except as amended by this Agreement. Dated this _____ day of _____, 20____. LESSEE: LESSOR: **Omni Leasing Corporation**~~

~~By: _____ By:~~

~~X _____ Title: _____ By: _____ Title: _____~~

~~SCHEDULE "A"~~

~~This schedule is attached to and becomes part of Security Agreement, Conditional Sales Contract, Chattel Mortgage, Lease or _____ dated _____, _____ (year) between the undersigned.~~

~~QUANTITY DESCRIPTION OF PROPERTY SERIAL NO.~~

~~Not Assigned~~

~~_____ This schedule is hereby verified correct and undersigned Purchaser(s), Mortgagor(s) or Lessee(s) acknowledges receipt of a copy.~~

~~Secured Party/Seller/Mortgagee/Lessor: Debtor/Purchaser/Mortgagor/Lessee:~~

~~Omni Leasing Corporation~~

~~By: _____ By: _____~~

~~By: _____~~

1. ~~STATUTORY FINANCE LEASE. LESSOR and LESSEE intend and agree that this Lease shall constitute a "finance lease" under Article 2.5 of the Colorado Uniform Commercial Code. In this regard, LESSOR and LESSEE acknowledge and agree (a) that LESSOR did not select, manufacture, or supply the Equipment; (b) that LESSEE selected the person supplying the Equipment and directed LESSOR to acquire the Equipment from that person; and (c) that LESSOR acquired the Equipment or the right to possession and use of the Equipment in connection with this Lease. LESSOR AND LESSEE FURTHER ACKNOWLEDGE AND AGREE THAT LESSEE IS ENTITLED TO ANY PROMISES AND WARRANTIES, INCLUDING THOSE OF ANY THIRD PARTY, PROVIDED TO LESSOR BY THE PERSON SUPPLYING THE EQUIPMENT IN CONNECTION OR AS PART OF THE CONTRACT BY WHICH THE LESSOR ACQUIRED THE EQUIPMENT OR THE RIGHT TO POSSESSION AND USE OF THE EQUIPMENT AND THAT LESSEE MAY COMMUNICATE WITH THE PERSON SUPPLYING THE EQUIPMENT TO LESSOR AND RECEIVE AN ACCURATE AND COMPLETE STATEMENT OF THOSE PROMISES AND WARRANTIES, INCLUDING ANY DISCLAIMERS AND LIMITATIONS OF SUCH PROMISES AND WARRANTIES OR OF REMEDIES. If, however, it is determined for any reason whatsoever that this Lease is not a "finance lease," each and every provision of this Lease shall nevertheless be fully applicable and effective.~~
2. ~~DELIVERY AND ACCEPTANCE. The Equipment shall be shipped directly to the LESSEE by the SUPPLIER. LESSEE agrees to accept such delivery of the Equipment and upon installation thereof to execute and deliver to LESSOR the Delivery and Acceptance Receipt submitted by LESSOR. LESSEE further agrees that the validity of this Lease shall not be affected by any delay in the shipment of the Equipment by the SUPPLIER. In the event that LESSEE has not executed and delivered to LESSOR the submitted Delivery and Acceptance Receipt upon installation of the Equipment, then it shall be conclusively presumed, as between LESSOR and LESSEE, that the equipment is acknowledged to be in good working order and condition and that LESSEE has accepted and is satisfied that the Equipment constitutes the Equipment specified in this Lease.~~
3. ~~TIME. TIME IS OF THE ESSENCE TO THIS LEASE. In the event that any payment(s) required to be made hereunder are not received by LESSOR within ten (10) days from their due date, LESSEE agrees to pay in addition thereto additional rent equal to ten percent (10%) of the amount of said payment(s) but in no event less than \$15.00 per month; plus interest (herein the "Overdue Rate") at the lesser of the Highest Lawful Rate (as defined below) or one and one-half percent (1.5%) per month; plus other amounts allowed by law. It is not intended hereby to charge interest at a rate in excess of the maximum rate of interest that LESSOR may charge to LESSEE under applicable usury and other laws, but if, notwithstanding, interest in excess of such rate shall be paid hereunder, the excess shall be retained by LESSOR as additional cash collateral for the payment of the obligations under this Lease, unless such retention is not permitted by law, in which case the interest rate shall be adjusted to the maximum permitted under applicable law during the period or periods that the interest rate otherwise provided herein would exceed such rate.~~
4. ~~INSURANCE, LOSS, AND DAMAGE. LESSEE, at its own expense, shall keep the Equipment insured at all times against loss by fire, theft and all other hazards (comprehensive coverage) by insurers and in form, amount and coverage satisfactory to LESSOR, but not less than the full insurable value of the Equipment, including without limitation the replacement cost of the Equipment, or such other amount as shall be approved by LESSOR in writing. From and after the time the Equipment leaves the premises of the SUPPLIER and at all times thereafter, LESSEE shall bear the entire risk of loss or damage to the Equipment from any and every cause whatsoever, whether or not such loss or damage is covered by insurance; provided that the foregoing shall not prejudice any rights the LESSEE may have against the SUPPLIER. Each policy of insurance furnished by LESSEE hereunder shall expressly provide that (i) LESSOR, any person or entity who has been or is hereafter granted a security interest in the Equipment or in this Lease by the LESSOR to secure obligations of the LESSOR, and any other entity the LESSOR shall reasonably designate shall be named as insured or additional insureds thereunder; (ii) all insurance proceeds payable in respect of any loss, theft, damage or destruction of the Equipment or any portion thereof shall be payable solely to LESSOR or to a party designated by LESSOR pursuant to (i) above; (iii) no act or omission of LESSEE or any of its officers, agents, employees or representatives shall affect the obligation of the insurer to pay the full amount of any loss; and (iv) such policy may not be canceled or modified except upon not less than thirty (30) days prior written notice to LESSOR. In the event of loss, destruction, theft or damage to any of the Equipment, LESSEE will immediately notify LESSOR in writing. The loss, destruction, theft or damage to the equipment shall not relieve the LESSEE from its obligation to pay the full amount of the Rent Payments and any other amounts payable hereunder. Any sums collected from insurance for the total loss of any of the Equipment shall be first credited to the costs and expenses incurred by LESSOR in collecting on the insurance, and then to interest at the Overdue Rate on amounts paid by LESSOR from the date of any such payment, and then to the payment of the residual value of the Equipment, as determined by the LESSOR and then to the unpaid installments of Rent Payments hereunder. If (i) any of the Equipment is partially damaged, (ii) LESSEE desires to use the insurance proceeds to repair or replace the damaged Equipment, (iii) LESSEE is not in default under the terms of this Lease, and (iv) LESSOR determines that (A) the estimated cost to repair and restore such Equipment will not exceed such insurance proceeds, and (B) it is feasible to restore such Equipment within thirty (30) days from the occurrence of the damage, LESSEE shall be entitled to the insurance proceeds, and LESSEE hereby covenants that such proceeds shall be used to restore, repair or replace such damaged Equipment. If the foregoing provision is not satisfied, or there are insurance proceeds in excess of the cost of restoring, repairing or replacing such damaged Equipment, then LESSOR may at its sole option: (x) apply all or any part of the sums so collected toward payment of all amounts payable to LESSOR pursuant to this Lease, in such order as LESSOR shall determine, whether or not such amounts are then due and payable; or (y) remit to the Borrower all or any part of such proceeds to be used solely to repair or replace the damaged Equipment. LESSEE shall insure the LESSOR and LESSEE with respect to liability for personal injuries, death, damage to or loss of use of property resulting from the ownership, use and operation of the Equipment, with insurers satisfactory to LESSOR in amount of at least one million dollars combined single limit, or such other amount as LESSOR shall reasonably require. LESSEE shall furnish and deliver to LESSOR within fifteen (15) days after delivery of the Equipment certified copies of such insurance policies and each renewal thereof. If LESSEE shall default in obtaining any insurance so to be provided, LESSOR may obtain such insurance, and any premiums paid thereof by LESSOR shall be additional rent payable on demand and shall be subject to interest at the Overdue Rate from the date of payment by LESSOR until repaid by LESSEE. LESSEE hereby irrevocably appoints LESSOR as its attorney-in-fact to receive, endorse, and apply such insurance proceeds in accordance with this Section 9.~~
5. ~~TAXES, ASSESSMENTS AND FEES. LESSEE agrees to pay all licensing, filing and registration fees with respect to the Equipment and this Lease; to keep the Equipment free of all liens and encumbrances; TO SHOW THE EQUIPMENT AS "LEASED EQUIPMENT" ON TAX RETURNS; TO PAY LESSOR FOR ALL PERSONAL PROPERTY TAXES ASSESSED AGAINST THE EQUIPMENT; to pay all other taxes, assessments, fees and penalties which may be levied or assessed in respect of the Equipment, its use or any interest therein, or any rent payments, including but not limited to all federal, state and local taxes, however designated, levied or assessed whether upon LESSEE or LESSOR or the Equipment or upon the sale, ownership, use or operation (except any income taxes levied on the Rent Payments to LESSOR). LESSOR may, at its option, collect from LESSEE an escrow fee, in an amount reasonably determined by LESSOR, for a tax escrow fund. LESSOR may, at its option, pay on LESSEE'S behalf such taxes and other amounts and such payments shall be obligations of LESSEE to LESSOR and shall bear interest at the Overdue Rate until paid. In addition, LESSEE authorizes LESSOR to file, at LESSOR'S option, financing statements without LESSEE'S signature and, if a signature is required by law, LESSEE appoints LESSOR as LESSEE'S attorney-in-fact to execute such financing statements. LESSEE agrees to pay LESSOR a fee to reimburse LESSOR'S expenses of preparing such financing statements and of making credit checks, and of LESSOR'S other administrative costs. In addition, LESSEE and any guarantor agree to reimburse LESSOR for reasonable costs incurred in collecting taxes, assessments, and fees for which LESSEE is liable, together with any collection charges attributable thereto, including reasonable attorney fees. LESSEE agrees that LESSOR is entitled to all tax benefits resulting from ownership of the Equipment including any investment tax credit and depreciation. LESSEE agrees that, should any of such tax benefits be disallowed, LESSEE shall indemnify LESSOR for such loss. This Section 10 shall remain in effect notwithstanding the expiration or other termination of this Lease, insofar as it relates to events which occurred prior to such expiration or termination.~~
6. ~~TITLE/RECORDING. All Equipment shall remain personal property and the title thereto shall remain in the LESSOR exclusively unless the Equipment is, or includes software in which event and only to the extent required by the applicable license, title to said software shall remain in the licensor. To the extent that the applicable license allows title to software to pass to the licensee, such title shall vest and remain in LESSOR. To the extent that such vesting requires a specific written conveyance, LESSEE hereby conveys to LESSOR any title it has or may hereafter acquire in the software and relinquishes any subsequent claim of title in the software, including any rights to purchase the software and/or to retain rights to use the same beyond the Lease Term. If any provision of this paragraph requires for its effectiveness the applicable licensor's prior written consent because the license limits transfer, encumbrance, or assignment of the software, then LESSEE shall assist LESSOR, if so requested, in obtaining such consent. LESSEE shall keep the Equipment free from any and all liens, claims and legal processes and shall indemnify LESSOR from any losses resulting therefrom. LESSEE authorizes LESSOR, its successors, assigns and lenders to LESSOR, to file a carbon, photographic or other reproduction of this Lease as a financing statement for the Equipment, and LESSEE further authorizes LESSOR in LESSEE'S name to execute and file financing statements for the Equipment. Such filings under the Uniform Commercial Code are precautionary only and are not intended to imply that this Lease is not a true Equipment Lease Agreement. The Equipment is and shall remain personal property irrespective of its use or manner of attachment to realty, and LESSEE will not cause or permit any of the Equipment to be attached to realty in such manner that it might become part of such realty or a fixture without securing the prior written consent of LESSOR.~~

□ □

LESSEE'S INITIALS

~~12. DEFAULT; REMEDIES. In the event LESSEE and/or its guarantors (i) fails to make any payment due under the terms of this Lease for a period of ten (10) days from the date due; (ii) breaches any covenant, representation or warranty contained in the Lease, (iii) makes an assignment for the benefit of creditors or a voluntary or involuntary petition for relief under any bankruptcy or insolvency law is filed by or against LESSEE; (iv) is in default under any other lease, note or obligation to or with LESSOR or any other person or entity; (v) misrepresents or falsely warrants the financial information given in connection with this Lease; (vi) makes a Bulk Sale or a direct or indirect change in the beneficial ownership of greater than 50% of the ownership interests of LESSEE shall occur; or (vii) ceases to operate as a going concern, then LESSOR shall have the right to exercise any one or more of the following remedies:—~~

~~a. without notice, the entire amount of the Rent Payments remaining and other amounts which have accrued hereunder to be paid over the balance of this Lease term, together with all other obligations as herein set forth (including without limitation additional rent, taxes, interest, and damages for any deterioration in the condition of the Equipment (except for normal wear and tear), shall become immediately due and payable;—~~

~~b. proceed to appropriate court action or actions at law or in equity or in bankruptcy to enforce performance by LESSEE of the covenants and terms of this Lease and/or to recover damages for the breach thereof;—~~

~~c. terminate this Lease upon written notice by LESSOR to LESSEE; provided, however, that this Lease shall not be terminated unless and until LESSOR gives LESSEE written notice of termination pursuant to this Section 12(c) notwithstanding the fact that LESSOR may repossess the Equipment or take any other action pursuant to this Lease or applicable law;—~~

~~d. whether or not this Lease be so terminated, and without notice to LESSEE, repossess the Equipment wherever found, with or without legal process, and for this purpose LESSOR and/or its agents may enter upon any premises under the control or jurisdiction of LESSEE or any agent of LESSEE without liability for suit, action or proceeding by LESSEE (any damages occasioned by such repossession being hereby expressly waived by LESSEE) and remove the Equipment therefrom; or—~~

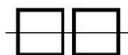
~~e. at LESSOR'S sole option, LESSOR may perform for LESSEE and LESSEE will be responsible for cost of performance plus interest thereon at the Overdue Rate.—~~

~~Notwithstanding the fact that any or all of the Equipment is returned to or repossessed by LESSOR, LESSEE shall remain liable for the entire amount of unpaid Rent Payments, plus all other unpaid sums or charges that accrue prior to the date on which LESSOR receives payment in full of all amounts payable to LESSOR pursuant to this LEASE, together with all costs and expenses incurred by LESSOR as set forth herein, including its reasonable attorney's fees, with accelerated payments being discounted to present value as of the date of default at an annual discount rate of six percent (6%).—~~

~~If LESSEE fails to return any Equipment to LESSOR as provided for herein, or LESSOR is unable for any reason to effect repossession of any Equipment in the returned condition provided for in Section 14 of this Lease, or LESSOR in its sole discretion does not repossess any of the Equipment, then, with respect to such Equipment, LESSEE shall be liable for, in addition to the entire amount of unpaid Rent Payments, LESSOR'S estimated residual value at the time this Lease was entered into, with both the accelerated payments and residual value being discounted to present value as of the date of default at an annual discount rate of six percent (6%), plus all other unpaid sums or charges together with all costs and expenses incurred by LESSOR, including its reasonable attorney's fees. LESSOR, at its option, may apply the Initial Payments against the LESSEE'S obligations under this Lease. To the fullest extent permitted by applicable law, LESSEE hereby waives any rights now or hereafter conferred by statute or otherwise which may require LESSOR to sell, lease or otherwise use any Equipment in mitigation of LESSOR'S damages, as set forth in this Paragraph or which may otherwise limit or modify any of LESSOR'S rights or remedies under this Paragraph. To the fullest extent permitted by applicable law, the LESSEE waives any and all rights and remedies conferred upon a LESSEE by Colo. Rev. Stat. 4-2-5-508 to 522 and similar statutes of any other jurisdiction that may be applicable to this Lease, including without limitation the LESSEE'S rights to (a) cancel or repudiate the Lease, (b) reject or revoke acceptance of the leased Equipment, (c) recover damages from the LESSOR for breach of warranty or for any other reason, (d) claim a security interest in any rejected Equipment in the LESSEE'S possession or control, (e) deduct from rental payments all or any part of any claimed damages resulting from the LESSOR'S default under the Lease, (f) accept partial delivery of the leased Equipment, (g) "cover" by making any purchase or lease of other Equipment in substitution for the Equipment due from the LESSOR, (h) recover from the LESSOR any general, special, incidental or consequential damages, for any reason whatsoever, and (i) specific performance, replevin or the like for any of the leased Equipment. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not render unenforceable such provisions in any other jurisdiction. All remedies of LESSOR hereunder are cumulative and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. No failure on the part of LESSOR to exercise, and no delay in exercising any rights or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by LESSOR of any right or remedy hereunder preclude any other or further exercise of any other right or remedy. Damages occasioned by LESSOR'S taking possession of the Equipment are hereby waived by LESSEE.—~~

- ~~1. SECURITY DEPOSIT. LESSOR may, but shall not be obliged to, apply any security deposit to cure any default of LESSEE, hereunder in which event LESSEE shall promptly restore the security deposit to the full amount specified above. Upon termination of this Lease and all renewals hereof, if LESSEE has timely fulfilled all the terms and conditions hereof, LESSOR shall return to LESSEE any remaining balance of the security deposit actually made by LESSEE.—~~
- ~~2. RETURN OF EQUIPMENT. On termination or expiration of this Lease, or upon LESSEE'S default, LESSEE shall, at its own cost, expense and fully insured, return all the Equipment, including any attachments, additions or accessories thereto, unencumbered along with all documentation and manuals related thereto to LESSOR at an address specified by LESSOR in the same condition as received, less normal wear and tear. The LESSEE shall, in addition to all other payments due to LESSOR under the terms of this Lease, pay to LESSOR such sums as may be necessary to cover replacement for all damaged, broken or missing parts of the Equipment as well as any other sums required in order for the Equipment to qualify under an authorized manufacturer's/supplier's/licensor's most current version full service and maintenance agreement at the lowest rate available.—~~
- ~~3. RENEWAL. Unless LESSEE, not more than one hundred eighty (180) days or less than sixty (60) days prior to the initial or extended expiration of this Lease, notifies LESSOR in writing by certified mail of its intention to terminate this Lease, this Lease shall automatically and continuously be extended on the same terms and conditions on a month-to-month basis until such time as LESSEE: (i) notifies LESSOR, at least thirty (30) days in advance of the first day of the month LESSEE intends to terminate this Lease, in writing by certified mail of its intention to terminate this Lease; and (ii) returns the Equipment to LESSOR as provided for herein.—~~
- ~~4. ASSIGNMENT. NEITHER THIS LEASE NOR ANY OF THE RIGHTS HEREUNDER SHALL BE ASSIGNED, NOR SHALL ANY OF THE EQUIPMENT BE SUBLEASED BY LESSEE WITHOUT PRIOR WRITTEN CONSENT OF LESSOR. Consent by LESSOR to assignment of this Lease shall not release LESSEE or any guarantors of this Lease from obligations hereunder unless LESSOR specifically agrees to such release in writing. Consent to any one of the foregoing acts shall not be deemed consent to any subsequent or similar act. LESSOR, WITHOUT NOTICE TO LESSEE, MAY AT ANY TIME ASSIGN ALL OR ANY PART OF ITS RIGHT, TITLE AND INTEREST IN AND TO THIS LEASE AND IN AND TO EACH ITEM OF EQUIPMENT AND MONIES TO BECOME DUE TO THE LESSOR HEREUNDER; and, LESSOR may grant security interests in the Equipment, subject to the LESSEE'S rights therein as set forth in this Lease. LESSEE agrees that it will not assert against any assignee of LESSOR any defense, counterclaim or offset that LESSEE may have against LESSOR. LESSEE acknowledges that any assignment or transfer by LESSOR would neither materially change LESSEE'S duties or obligations under this Lease nor materially increase the burdens or risks imposed on LESSEE. LESSEE agrees that LESSOR may assign or transfer this Lease or LESSOR'S interest in the Equipment even if said assignment or transfer could be deemed to materially affect the interests of LESSEE.—~~
- ~~5. CONFLICTS. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Lease or affecting the validity or enforceability of such provision in any other jurisdiction.—~~
- ~~6. NOTICES. All notices relating hereto shall be in writing and either delivered in person to an officer of the party to which such notice is being given or mailed by certified mail, return receipt requested, to such party at the address specified at the beginning of this Lease, or at such other address as may be hereafter specified by like notice by either party to the other. Any change of address given hereunder shall not be effective until ten (10) days after receipt by the party to whom the notice of such change is being given.—~~
- ~~7. ACCESS. LESSOR may, for the purpose of inspections, at all reasonable times, enter upon any job, building, or place where Equipment is located and if the Equipment is, in the opinion of LESSOR, being used beyond its capacity or in any manner improperly cared for, abused, or misused, LESSOR may remove Equipment forthwith without notice to LESSEE.—~~
- ~~8. INDEMNITY. LESSEE SHALL AND DOES HEREBY AGREE TO INDEMNIFY AND SAVE LESSOR, ITS SUCCESSORS AND ASSIGNS, AND ITS DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL LIABILITY, DAMAGES, OR LOSS, INCLUDING REASONABLE ATTORNEY'S FEES, ARISING OUT OF THE OWNERSHIP, SELECTION, POSSESSION, LEASING, RENTING, OPERATION (REGARDLESS OF WHERE AND HOW AND BY WHOM OPERATED), CONTROL, USE, CONDITION (INCLUDING BUT NOT LIMITED TO LATENT AND OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE BY LESSEE), MAINTENANCE, DELIVERY AND RETURN OF THE EQUIPMENT, OR IN THE EVENT THAT THE LESSEE SHALL BE IN DEFAULT HEREUNDER, ARISING OUT OF THE CONDITION OF ANY ITEM OF EQUIPMENT SOLD OR DISPOSED OF AFTER USE BY THE LESSEE. THE INDEMNITIES AND OBLIGATIONS HEREIN PROVIDED SHALL CONTINUE IN FULL FORCE AND EFFECT AND SHALL SURVIVE THE TERMINATION OF THIS LEASE.—~~

LESSEE'S INITIALS—



1. ~~ADDITIONAL SECURITY. LESSEE hereby grants to LESSOR a security interest in any and all goods, chattels, fixtures, furniture, equipment, assets, accounts receivable, contract rights, general intangibles, and property of every kind wherever located now and/or hereafter belonging to LESSEE and in which LESSEE has any interest and proceeds thereof (the "Additional Collateral"), and agrees that any security interest created by this agreement secures any and all obligations of LESSEE and those of any affiliate of LESSEE to LESSOR whether hereunder or otherwise and whether now in existence and/or to come into existence and whether initially owing to LESSOR or acquired by LESSOR through one or more assignments. LESSEE authorizes LESSOR, its successors, assigns and lenders to LESSOR, to file a carbon, photographic or other reproduction of this Lease as a financing statement for the Equipment and the Additional Collateral, and LESSEE further authorizes LESSOR in LESSEE'S name to execute and file financing statements for the Equipment and the Additional Collateral. Such filings under the Uniform Commercial Code with respect to the Equipment are precautionary only and are not intended to imply that this Lease is not a true lease.~~

2. ~~CONSENT TO COLORADO LAW, JURISDICTION, VENUE, AND NON JURY TRIAL. This Lease shall be valid and enforceable when accepted in writing by LESSOR and LESSEE and shall be binding upon their respective heirs, legal representatives, successors and assigns. LESSEE consents, agrees, and stipulates that (a) this Lease shall be deemed fully executed and performed in the State of Colorado and shall be governed by and construed in accordance with the internal laws of the State of Colorado applicable to contracts to be fully performed therein; and (b) in any action, proceeding, or appeal or any matter related to or arising out of this Lease ("Proceedings"), LESSOR and LESSEE (1) SHALL BE SUBJECT TO PERSONAL JURISDICTION OF THE STATE OF COLORADO, including any state or federal court sitting therein, and all court rules thereof, and LESSOR AND LESSEE HEREBY EXPRESSLY AND IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN ANY SUCH ACTION OR PROCEEDING (WHETHER BROUGHT BY LESSOR, LESSEE, ANY SUBSIDIARY OF LESSOR OR LESSEE, OR OTHERWISE) IN ANY COURT HEREINAbove SPECIFIED IN THIS SECTION 22 AS WELL AS ANY RIGHT THEY MAY NOW OR HEREAFTER HAVE TO REMOVE ANY SUCH ACTION OR PROCEEDING, ONCE COMMENCED, TO ANOTHER COURT ON THE GROUNDS OF FORUM NON CONVENIENS, LACK OF PERSONAL JURISDICTION OR OTHERWISE; AND~~

~~(2) KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY, EXCEPT AS OTHERWISE PROVIDED IN SECTION 24 BELOW.~~

1. ~~CONSENT TO SERVICE OF PROCESS. LESSEE and any guarantor agree that any process served for any action or proceeding shall be valid if mailed by certified mail, return receipt requested, with delivery directed to the LESSEE at its address set forth in Section 18 above.~~

2. ~~ARBITRATION. AT LESSOR'S SOLE ELECTION, LESSOR MAY SUBMIT ANY MATTER ARISING OUT OF THIS TRANSACTION, INCLUDING ANY CLAIM, COUNTERCLAIM, SETOFF, OR DEFENSE, TO BINDING ARBITRATION BY THE AMERICAN ARBITRATION ASSOCIATION IN THE STATE OF COLORADO AT A SITE OF LESSOR'S CHOICE. THE DECISION AND AWARD OF THE ARBITRATOR(S) SHALL BE FINAL AND BINDING AND MAY BE ENTERED AS RENDERED IN ANY COURT HAVING JURISDICTION THEREOF.~~

3. ~~OTHER COVENANTS AND WARRANTIES OF LESSEE. LESSEE agrees that this Lease is irrevocable for the full term thereof, that LESSEE'S obligations under this Lease are absolute and shall continue without abatement and regardless of any inability to use the Equipment or any part thereof because of any reason including, but not limited to, war, act of God, governmental regulations, strike, loss, damage, destruction, obsolescence, failure of or delay in delivery, failure of the Equipment to properly operate, termination by operation of law, or any other cause. LESSEE IS UNCONDITIONALLY REQUIRED TO MAKE ALL PAYMENTS AND TO PERFORM ALL OBLIGATIONS DUE PURSUANT TO THIS LEASE WITHOUT OFFSET, COUNTERCLAIM, ABATEMENT, DEFERMENT OR DEFENSE, OF ANY KIND OR FOR ANY REASON. By execution hereof, the signer hereby certifies that he has read this Lease consisting of the foregoing and ADDITIONAL PAGES HERETO, and that he is duly authorized to execute this Lease on behalf of the LESSEE, and hereby acknowledges receipt of a copy of this Lease. LESSEE UNDERSTANDS AND AGREES THAT NEITHER THE SUPPLIER NOR ANY SALESMAN OR OTHER AGENT OF THE SUPPLIER IS AN AGENT OF LESSOR. NO SALESMAN OR AGENT OF THE SUPPLIER IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE AND NO REPRESENTATIONS AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE SUPPLIER SHALL IN ANY WAY AFFECT THE LESSEE'S OBLIGATIONS TO PERFORM INCLUDING THE PAYMENT OF THE~~

1. SCHEDULE OF RENT PAYMENTS ("Rent Payments") DURING INITIAL TERM OF LEASE.

TERM OF LEASE NO. OF MONTHS (Payments Due Monthly)	NUMBER OF PAYMENTS	AMOUNT OF EACH RENT PAYMENT	TOTAL INITIAL PAYMENT ("Initial Payment")	INITIAL PAYMENT REPRESENTING PAYMENT FOR: FIRST AND LAST ONE TWO THREE FOUR RENTS
		Plus Applicable Taxes		(OTHER)

OMNI LEASING CORPORATION, Lessor _____, LESSEE

By _____ By X _____
 _____ Authorized Signature and Title _____ Authorized Signature and Title

By _____ By _____
 _____ Print or Type Name _____ Print or Type Name

RENT PAYMENT SET FORTH IN THIS LEASE. LESSEE REPRESENTS AND WARRANTS THAT THIS IS A COMMERCIAL AND BUSINESS TRANSACTION AND THAT THE EQUIPMENT WILL NOT BE USED FOR HOUSEHOLD, PERSONAL OR CONSUMER USE.

This Lease contains the entire agreement between the LESSOR and LESSEE and may not be altered, amended, modified, terminated or otherwise changed, except by a writing signed by the president [or any vice president] of LESSOR. Notwithstanding the foregoing, LESSEE hereby authorizes LESSOR, without further notice, to complete the description of the Equipment to be leased, the quantity thereof, and to fill in any blank spaces on this Lease, and to date this Lease. LESSEE represents and warrants that this LEASE is a legal, valid and binding obligation of the LESSEE enforceable against the LESSEE in accordance with its terms.

 LESSEE'S INITIALS _____ Print or Type Name _____

Dated as of _____ Dated as of _____

LEASE NUMBER _____

~~PERSONAL GUARANTY~~

In consideration of OMNI LEASING CORPORATION ("LESSOR") entering into any Equipment Lease Agreements ("Leases") with
~~"name of business"~~

~~the undersigned (if more than one then jointly and severally) as a direct and primary obligation, absolutely and unconditionally, guarantees to the LESSOR and any assignee of the LESSOR (either of whom are hereinafter called "holder") the prompt payment of all rent and other amounts to be paid and the performance of all terms, conditions, covenants and agreements of the Lease, irrespective of any invalidity or unenforceability thereof or the security thereof. This is a guarantee of payment and not of collection. The undersigned promises to pay all the holder's expenses, including reasonable attorney fees incurred by or in enforcing all obligations under the Lease or incurred by the holder in connection with enforcing this guaranty.~~

~~The undersigned waives notice of acceptance hereof, presentment, demand, protest, notice of protest or of any defaults and consents and all other notices of every and any kind. The undersigned authorizes LESSOR, without notice or consent and without affecting, impairing or discharging in whole or in part its liability hereunder, from time to time to (i) renew, modify, amend, compromise, extend, accelerate, discharge or otherwise change the time for payment of amounts due under the Lease, or otherwise change the terms or provisions of the Lease or any part thereof; (ii) take and hold collateral for the payment of this Guaranty or amounts payable under the Lease, and exchange, enforce, waive, and release any such collateral; (iii) apply such collateral and direct the order or manner of sale thereof as LESSOR in its discretion may determine; and (iv) release or substitute in whole or in part any one or more of the endorsers, the undersigned, or anyone else who may be partially or wholly liable for any amounts payable under the Lease. LESSOR may transfer or assign this Guaranty in whole or in part without releasing Guarantor, and upon such transfer or assignment the assignee or holder shall be entitled to all the rights, powers, privileges and remedies of LESSOR under and in connection with this Guaranty, to the extent assigned or transferred.~~

~~The undersigned waives any right to require LESSOR to (a) proceed against or exhaust remedies against LESSEE; (b) proceed against or exhaust any collateral given by LESSEE or the undersigned; (c) pursue any other remedy in LESSOR'S power whatsoever; or (d) proceed against any other person(s) or guarantor(s) who may be liable to LESSOR in whole or in part for the amounts payable under the Lease. The undersigned waives any defense arising by reason of any disability or other defense of LESSEE or by reason of the cessation or modification from any cause whatsoever the liability of LESSEE.~~

~~This guaranty shall be construed according to the laws of the State of Colorado. **THE UNDERSIGNED KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**~~

DATED: _____

~~X~~ _____
~~(Personal Guarantors Signature)~~

HOME ADDRESS: _____

PHONE: _____

Witness

SIGNATURE: _____

PRINT NAME: _____

EXHIBIT C
DEPOSIT RECEIPT



EmbroidMe

DEPOSIT RECEIPT LETTER

By this Receipt, **EMBROIDME.COM, INC.** (“EME”) acknowledges that it has received a fully refundable deposit of \$5,500 (USD) from:

Name: _____

Address: _____

together with an application for an **EMBROIDME** Franchise.

We’ve reviewed your application within our offices and would be pleased to move forward, including assisting you to locate and lease a suitable site for your new **EMBROIDME** store.

The deposit you paid will, at the time of signing your Franchise Agreement, be credited to the remainder of the franchise fee. In the event that you decide not to accept the Franchise Agreement for any reason, your deposit will be refunded. In addition, in the event you and EME cannot agree on a suitable location for your franchise within ninety (90) days from the date of this Deposit Receipt, we reserve the right to refund your deposit.

Thank you for your sincere interest in purchasing an **EMBROIDME** franchise. We believe we have assembled the best products, support staff, and system in our industry. We look forward to providing this to you and welcoming you into our franchise system.

Sincerely,

EMBROIDME.COM, INC.

By: _____

Print Name

EMBROIDME.COM CANDIDATE:

Signature

Date

Print Name

EXHIBIT D
FINANCIAL STATEMENTS

Embroidme.com, Inc.

Audited Consolidated Financial Statements

December 31, 2015, December 31, 2014, and December 31, 2013

EMBROIDME.COM, INC.

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MILBERY & KESSELMAN, CPA's, LLC

Certified Public Accountants

To the Board of Directors
Embroidme.com, Inc.
West Palm Beach, Florida

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Embroidme.com, Inc. which comprises the consolidated balance sheet as of December 31, 2015 and December 31, 2014, and the related consolidated statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Member of the Florida Institute of C.P.A.'s

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Embroidme.com, Inc. as of December 31, 2015, and December 31, 2014, and the results of its consolidated operations and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Embroidme.com as of December 31, 2013 were audited by other auditors whose report dated March 25, 2014, expressed an unqualified opinion on those statements.

Milbery & Kesselman, CPAs

Milbery & Kesselman, CPAs, LLC
March 15, 2016

EMBROIDME.COM, INC.
Consolidated Balance Sheet
As of December 31, 2015, December 31, 2014, and December 31, 2013

	2015	2014	2013
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 293,131	\$ 359,010	\$ 114,490
Accounts Receivable (net of Allowance for Doubtful Accounts)	907,371	1,064,687	1,599,917
Loans Receivable	-	5,000	5,000
Loans Receivable - Related Companies	870,032	612,613	392,366
Inventory	166,782	82,069	80,690
Prepaid Expenses	48,393	-	26,000
Promissory Notes - Current Portion	20,126	-	-
Total Current Assets	2,305,835	2,123,379	2,218,463
Property and Equipment (net of accumulated depreciation)	-	-	15,885
Other Assets			
Other Loans and Investments	15,000	30,000	178,054
Promissory Notes	4,614	-	-
Security Deposits	3,000	3,000	7,657
Total Other Assets	22,614	33,000	185,711
TOTAL ASSETS	\$ 2,328,449	\$ 2,156,379	\$ 2,420,059
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 535,726	\$ 361,441	\$ 586,988
Accrued Expenses	26,437	24,705	112,208
Total Current Liabilities	562,163	386,146	699,196
Long Term Liabilities	-	-	-
TOTAL LIABILITIES	562,163	386,146	699,196
Commitments and Contingencies(Note 8)			
STOCKHOLDERS' EQUITY			
Common Stock	375,000	375,000	375,000
Retained Earnings	1,391,286	1,395,233	1,345,863
TOTAL STOCKHOLDERS' EQUITY	1,766,286	1,770,233	1,720,863
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,328,449	\$ 2,156,379	\$ 2,420,059

See accompanying independent auditor's report and notes to financial statements

EMBROIDME.COM, INC.
Consolidated Statement of Income and Retained Earnings
For the years ended December 31, 2015, December 31, 2014, and December 31, 2013

	2015	2014	2013
Income			
Franchise Fees	\$ 2,029,195	\$ 2,306,737	\$ 2,275,226
Product	1,905,506	2,255,584	2,207,339
Commissions	15,485	76,624	42,767
Royalties	3,656,966	3,442,502	3,302,176
Other Income	38,675	40,468	24,224
Total Income	7,645,827	8,121,915	7,851,732
Cost of Goods Sold	2,333,818	2,484,986	2,346,705
Gross Profit	\$ 5,312,009	\$ 5,636,929	\$ 5,505,027
Expenses			
Advertising	437,559	285,856	278,010
Automobile	102,228	163,409	218,299
Bad Debt	220,399	241,606	100,000
Bank Service Charges	27,498	29,840	31,588
Computer and Software	30,014	42,836	20,809
Depreciation	-	15,885	1,477
Dues and Subscriptions	14,807	20,200	24,999
Insurance	44,336	37,788	50,771
Licensing and Registrations	8,131	7,115	7,863
Office	55,519	70,883	117,962
Payroll	3,518,196	3,652,615	3,167,230
Postage	33,421	28,030	29,442
Professional Fees	96,803	194,655	357,413
Rent	57,321	62,722	82,269
Taxes	2,001	67,233	42,979
Telephone	99,461	88,281	187,185
Travel and Meals	472,966	534,592	647,323
Total Expense	5,220,660	5,552,046	5,371,919
Net Income before Other Income	\$ 91,349	\$ 84,883	\$ 133,108
Other Income/(Expense)			
Interest Income	2,539	949	2,362
Income Tax	(15,000)	(8,500)	(6,300)
Gain/(Loss) on Foreign Currency Exchange	(28,596)	11,260	(69,426)
Total Other Income/(Expense)	(41,057)	12,209	(67,064)
Net Income	\$ 50,292	\$ 97,092	\$ 66,044
Retained Earnings, Beginning	1,395,233	1,345,863	1,279,819
Shareholder Distributions	(54,239)	(47,722)	-
Retained Earnings, Ending	\$ 1,391,286	\$ 1,395,233	\$ 1,345,863

See accompanying independent auditor's report and notes to financial statements

EMBROIDME.COM, INC.
Consolidated Statement of Cash Flows
For the years ended December 31, 2015, December 31, 2014, and December 31, 2013

	2015	2014	2013
Cash Flows from Operating Activities			
Net Income	\$ 50,292	\$ 97,092	\$ 66,044
Adjustments to reconcile net income to net cash provided/(used) by Operations			
Depreciation	-	15,885	1,477
(Increase)/Decrease in Accounts Receivable	157,316	535,230	(260,300)
(Increase)/Decrease in Loans Receivable	(252,419)	(220,247)	(382,366)
(Increase)/Decrease in Inventory	(84,713)	(1,379)	12,461
(Increase)/Decrease in Prepaid Expenses	(48,393)	26,000	(26,000)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	176,017	(313,050)	483,726
Cash provided/(used) by Operating Activities	(1,900)	139,531	(104,958)
Cash Flows from Investing Activities			
Acquisition of Fixed Assets	-	-	-
Other Loans and Investments	15,000	148,054	25,000
Cash provided/(used) by Investing Activities	15,000	148,054	25,000
Cash Flows from Financing Activities			
Promissory Notes	(24,740)	-	-
Security Deposits	-	4,657	-
Shareholder Distributions	(54,239)	(47,722)	-
Cash provided/(used) by Financing Activities	(78,979)	(43,065)	-
Increase/(Decrease) in cash	(65,879)	244,520	(79,958)
Beginning balance	359,010	114,490	194,448
Ending balance	\$ 293,131	\$ 359,010	\$ 114,490

See accompanying independent auditor's report and notes to financial statements

Embroidme.com, Inc.

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of business - Embroidme.com, Inc. (the "Company"), was incorporated in Florida on February 17, 2000 and is headquartered in West Palm Beach, Florida. The Company sells franchises that allow the purchaser to operate a full service custom retail embroidery business that offers embroidered and screen printed apparel, and advertising and promotional merchandise.

The Company elected to be treated as a Subchapter S Corporation with the Internal Revenue Service, effective October 21, 2002. The Company has elected a year end of December 31.

Principles of Consolidation - The financial statements include the operations of Embroidme.com, Inc. and Franchise Real Estate, Inc. All significant intercompany transactions have been eliminated in consolidation. Embroidme.com, Inc. and Franchise Real Estate, Inc. are herein after collectively referred to as "the Company."

All foreign operations are translated to U.S. dollars at the exchange rate in effect at year-end. Income and expense items and cash flows are translated at the average exchange rate for each year.

A summary of the Company's significant accounting policies follows:

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

Revenue recognition - Initial franchise fees are recognized as revenue when services required under the franchise agreement have been performed by the Company. Franchise royalty revenues are based on franchisees' sales and are recognized as earned. Product and equipment revenue is recorded when legal title is transferred to the franchisee, generally when the product is shipped.

Cash concentration - The Company maintains its cash in three banks which, at times, may exceed the federally-insured limits. The Company has not experienced any loss in such accounts. The Company believes it is not exposed to any significant credit risk on such accounts.

Accounts receivable - Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are more than 30 days past due.

Embroidme.com, Inc.

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Credit risk - The Company performs on-going credit evaluations of each franchisee's financial condition. Accounts receivable are principally with franchises that are secured under the franchise agreements. The franchise agreements provide the Company with certain collateral, including inventory and fixed assets. Consequently, risk of loss is considered minimal.

Inventory - Inventory is stated at the lower of cost or market value, and consists of supplies and finished goods.

Property and equipment - Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Vehicles	5
Machinery and equipment	5
Computer equipment	3.5 – 7
Software	3.5
Leasehold improvements	10

Long-lived assets - Long-lived assets held for use are subject to an impairment assessment if the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset. The amount of the impairment is the difference between the carrying amount and the fair value of the asset. The Company's estimate of undiscounted cash flows indicated that such carrying amounts were expected to be recovered.

Income taxes - The Company has elected to be taxed under sections of the federal and state income tax laws that provide that, in lieu of corporate income taxes, the shareholders separately account for their pro rata shares of the Company's items of income, deduction, losses and credits. Therefore, no provision for federal income tax is reflected in the Company's financial statements. The provision for state income taxes for 2015, 2014, and 2013 consisted of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Various State Income Taxes	\$15,000	\$8,500	\$6,300

The Company is subject to taxation in various state jurisdictions. State jurisdictions have statutes of limitations that generally range from three to five years. As of December 31, 2015, none of the Company's tax returns are under examination.

Subsequent Events - The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 15, 2016.

Embroidme.com, Inc.

Notes to Consolidated Financial Statements

Note 2 Accounts Receivable

Accounts receivable at December 31, 2015, 2014, and 2013 consisted of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Franchise Fees Receivable	\$ 1,003,047	\$ 1,263,239	\$ 1,699,917
Allowance for doubtful accounts	<u>(95,676)</u>	<u>(198,552)</u>	<u>(100,000)</u>
	<u>\$ 907,371</u>	<u>\$ 1,064,687</u>	<u>\$ 1,599,917</u>

The bad debt deducted for the year ended 2015 was \$220,399. The bad debt deducted for the year ended 2014 was \$241,606. The bad debt deducted for the year ended 2013 was \$100,000.

Note 3 Property and Equipment

Property and equipment as of December 31, 2015, 2014, and 2013 consisted of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Software	\$ 26,197	\$ 26,197	\$ 26,197
Less accumulated depreciation	<u>(26,197)</u>	<u>(26,197)</u>	<u>(10,312)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,885</u>

Depreciation as of December 31, 2015 is \$0. The depreciation of software purchased in 2012 was accelerated in 2014 because it was determined there was no remaining future value in the asset.

Note 4 Promissory Notes

The Company has promissory notes receivable with various franchisees; the notes bear interest at rates of 0% to 12% per annum, and are amortized over periods of 6 months to 5 years. On promissory notes bearing an interest rate below market, imputed interest is calculated and the note value is discounted.

Notes to Consolidated Financial Statements

Note 5 Other Loans and Investments

Other loans and investments consist of a note receivable, under an agreement with an employee of an affiliated company that is secured by a mortgage on real property. The note is non-interest bearing. In January 2014, the terms of the note receivable were renegotiated and \$133,054 of the debt was cancelled due to the decline in value of the property secured by the note. This amount was included in bad debt expense for 2014. The remaining balance due on the note receivable as of December 31, 2015 was \$15,000.

Note 6 Transactions with Related Parties

The Company reimburses and receives reimbursements to and from Related Parties, for certain operating expenses, including home office rent, payroll, and other administrative expenses. For the year ending December 31, 2015, related party balances included loans receivable of \$870,032, and accounts payable of \$0. For the year ending December 31, 2014, related party balances included loans receivable of \$612,613, and accounts payable of \$0. For the year ending December 31, 2013, related party balances included loans receivable of \$392,366, and accounts payable of \$0.

Note 7 Litigation

From time to time, the Company is involved in litigation, most of which is incidental and normal to its business. In the opinion of Company counsel, no litigation to which the Company currently is a party is likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

Note 8 Commitments and Contingencies

The Company is not contingently liable for lease obligations for regional offices.

As of December 31, 2015 the Company is contingently liable in the amount of \$2,783,361 as a guarantor of mortgages payable and \$1,547,619 on the revolving credit line, to JP Morgan Chase Bank, NA for its affiliate Sign*A*Rama Inc.

As of December 31, 2014 the Company is contingently liable in the amount of \$3,034,213 as a guarantor of mortgages payable and \$1,547,619 on the revolving credit line, to JP Morgan Chase Bank, NA for its affiliate Sign*A*Rama Inc.

As of December 31, 2013 the Company is contingently liable in the amount of \$3,246,737 as a guarantor of mortgages payable and \$1,547,619 on the revolving credit line, to JP Morgan Chase Bank, NA for its affiliate Sign*A*Rama Inc.

EXHIBIT E
LIST OF FRANCHISEES

EMBROIDME.COM, INC.
List of Franchisees as of February 29, 2016

Name	Address	City	State	Zip	Phone
Ashley Carter	5263 US Highway 280	Birmingham	AL	35242	205-518-6407
Kerrie Hoffner / Terry Hoffner	2526 - C Danville Road SW	Decatur	AL	35603	256-309-0241
Tim Hackman / Brenda Hackman	1645 E, Camelback Road, Suite 103	Phoenix	AZ	85016	602-277-9242
Larry Hevner	420 E. Bell Road, Suite 12	Phoenix	AZ	85022	602-788-5800
Julieann Downing / Melissa Downing	6425 East Bell Road, Unit 114	Scottsdale	AZ	85254	480-998-9199
Monica Au	605 W. Herndon Ave., Suite 500	Clovis	CA	93612	559-324-8686
Richard Coury / Marion Coury	1307 W. 6th Street, Suite 118	Corona	CA	92882	951-270-0173
Rocio Brooks / Terence Brooks	670 W. 17th Street, Suite G2	Costa Mesa	CA	92627	949-645-4331
Jeff Sapol / Sandra Sapol	191 N. El Camino Real - Ste. 202	Encinitas	CA	92024	760-943-8022
Joseph Ocampo / Emily Ocampo	1356 West Valley Parkway, Suite L	Escondido	CA	92029	760-294-4996
Andrew Pirim / Hilda Pirim	3435 N. Verdugo Rd. Unit F	Glendale	CA	91208	818-248-3435
Andrew Kohler	7018 University Avenue	La Mesa	CA	91942	619-741-8855
Mary Doyle	6400 E. Stearns Street	Long Beach	CA	90815	562-276-2361
Doug Warner / Cynthia Warner	7204 Archibald Avenue	Rancho Cucamonga	CA	91701	909- 948-9710
Stan Skrocki / Jeanne Skrocki	7001 Indiana Avenue, Suite 2	Riverside	CA	92506	951-682-0086
B. Cameron Schultz	7710 Balboa Avenue Ste 109	San Diego	CA	92111	858-571-0574
Anu Kumar	5955 Mira Mesa Blvd., Suite J	San Diego (Sorrento Valley)	CA	92121	858-452-5021
Jonathan Stone	1701 E. Edinger Avenue, Suite B 11	Santa Ana	CA	92705	714-418-4322
Jeff Henges / Paula Henges	22221 Palos Verdes Blvd.	Torrance	CA	90505	310-937-3788
Dana Snyder	17211 S. Golden, Unit #115	Golden	CO	80401	303-800-7022
Tara Reichle	1436 S. Wadsworth Blvd.	Lakewood	CO	80232	303-233-0073
Don Snyder / Jennifer Snyder	1223 W. Eisenhower Blvd.	Loveland	CO	80537	970-622-8300
Kathleen Osgood	11187 Sheridan Boulevard, Unit 9	Westminster	CO	80020	303-410-0005
Raymond Fernandez / Lillian Fernandez	9186 Glades Road	Boca Raton	FL	33434	561-325-8915
Daniel Gonzalez / Belkys Doval	398 N. Congress Avenue, Suite 105	Boynton Beach	FL	33426	561-375-8726
Vitelio Silva / Francisco Amoroso	26248 U.S. Highway 19 North	Clearwater	FL	33761	727-240-1133
Roger Taylor	7080 State Road 84, Bay 2	Davie	FL	33317	954-452-0600
Ron Mosca	1808 West International Speedway, Suite 304A	Daytona Beach	FL	32114	386-255-5880
Len Cava / Gayle Cava	90 South Congress Avenue	Delray Beach	FL	33445	561-279-0953
Roberto Hernandez	2661 NW 79th Avenue	Doral	FL	33122	305-594-2002
Yolanda Fernandez	1549 E. Commercial Blvd.	Fort Lauderdale	FL	33334	954-938-1977
Juan Sanchez	3418 W. 84th Street, Suite 102	Hialeah	FL	33018	305-231-7102
Philip Mobley	540-125 Commerce Center	Jacksonville	FL	32225	904-309-9535

EMBROIDME.COM, INC.
List of Franchisees as of February 29, 2016

Name	Address	City	State	Zip	Phone
Beatriz Cardona	1917 Passero Avenue	Lutz	FL	33559	813-994-0118
Nicholas Jaksich	1410 Pine Ridge Road, Suite #9	Naples	FL	34108	239-593-2193
Leonard Haber / Marina Haber / Allen Willinsky	3954 Northlake Blvd.	Palm Beach Gardens	FL	33403	561-775-9195
Michele McIntire	5931 Palmer Blvd. West	Sarasota	FL	34233	941-312-5494
Aaron Akers / Colleen Akers	3909 W. Kennedy Blvd.	Tampa (South)	FL	33609	813-878-2400
Paul Lytle	915 17th Street, Suite 102	Vero Beach	FL	32960	772-299-3883
Ben Bassett	1369 North Military Trail	West Palm Beach	FL	33409	561-615-8655
Peter Varkoly / Joan Varkoly	3236 Cobb Parkway	Atlanta (Smyrna)	GA	30339	770-984-9494
Layne Oki / Michelle Oki	507 E. Lanikaula Street	Hilo	HI	96720	808-934-0011
Mary Whitworth	677 Ala Moana Blvd., Suite 110	Honolulu	HI	96813	808-566-6561
Andrew Sallee / Jason Senne	2222 E. 53rd Street, Suite 2	Davenport	IA	52807	563-355-3222
Fred Jacobi / Garrick Bryan Jacobi	360 S. Adkins Way, Suite A	Meridian	ID	83642	208-322-2222
Mary Gorick	267 N. Weber Road	Bolingbrook	IL	60490	630-226-5068
Janice Means / Logan Panjkovich	6215 Northwest Highway	Crystal Lake	IL	60014	815-444-1081
Herbert Greene	1701 Quincy Avenue, Suite 24	Naperville	IL	60540	630-778-1234
William Garrigan	2457 Joliet Highway	New Lenox	IL	60451	815-485-4155
Greg Johnson / Linda Johnson	2845 W. Dundee Road	Northbrook	IL	60062	847-272-9000
Kim Goodwin / Pat Wright Toni Waldschmidt	7810 N. University Avenue	Peoria	IL	61614	309-691-5780
Steve Schroeder	47 W. Schaumburg Road	Schaumburg	IL	60194	847-301-1010
Jill Stover	1017 Brook Forest Avenue	Shorewood	IL	60404	815-609-9001
Terry Aaron	216 South Kirk Road	St. Charles	IL	60174	630-587-8700
Thomas Albert / Thaddeus Frankowski	7900 E US Hwy 36 Ste C	Avon	IN	46123	317-272-0694
Jeff Slain / Dina Slain	9520 E. 126th Street	Fishers	IN	46038	317-845-5002
Mervin Moss / Stephanie Moss	5383 E. 82nd Street	Indianapolis	IN	46250	317-577-7600
Jay Smalley	3300 N. Everbrook Lane, Suite B	Muncie	IN	47304	765-281-8870
Timothy Kuhar / Debra Kuhar	1639 N. Ironwood Drive, Suite 3	South Bend	IN	46635	(574) 291-2800
Anthony Micciche / Jeff Withrow	2307 Laporte Avenue, Suite 2	Valparaiso	IN	46383	219-465-1400
Kim Unruh / Gavin Unruh	1909 N. 14th Ave., Suite B	Dodge City	KS	67801	620-227-3100
Todd Diskin / Wendy Diskin	11082 Strang Line Road	Lenexa	KS	66215	913-451-4500
Jeff Moffett / Erin Moffett	7512 West 119th Street	Overland Park	KS	66213	913-663-2600
Tricia Salyer	171 West Lowry Lane, Suite 156	Lexington	KY	40503	859-260-1234
Wendy Case	13050 Middletown Industrial Blvd., Suite B	Louisville	KY	40223	502-893-4893
Remie Morel	3445 Cedarcrest Avenue	Baton Rouge	LA	70816	225-927-9702

EMBROIDME.COM, INC.
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Name	Address	City	State	Zip	Phone
Lucille Bonee	5860 Citrus Blvd., Suite C	Harahan	LA	70123	504-434-4710
Michael Rosamond / Leslie Rosamond	1890 B Causeway	Mandeville	LA	70471	985-624-9718
Glenn Landry / Michelle Livaccari	58465 Tyler Drive, Suite 11	Slidell	LA	70461	985-649-5055
Kent Pomerleau	14 Littleton Road	Chelmsford	MA	01824	978-244-0050
Alex Taggard	313 Washington Street, Suite 109	Newton	MA	02458	617-795-1888
Timothy Miller	1268 Main Street	Tewksbury	MA	01876	978-851-1005
Kevin Magliozzi	1091 Lexington Street	Waltham	MA	02452	781-899-7624
Tim Connors	1690 Main Street, Suite 6	Weymouth	MA	02190	781-331-2316
Daniel Swearingen / Maude Swearingen	6600 Baltimore National Pike Suite D1	Catonsville	MD	21228	410-744-6974
Jeffrey Boden	7030 Wisconsin Avenue	Chevy Chase	MD	20815	301-656-5608
Peter Leboutillier	10540 York Road	Cockeysville	MD	21030	410-683-3383
Daniel Dubell / Chris Grohman Jeffrey L. Mitchell	2216 Commerce Road, Unit 3	Forest Hill	MD	21050	443-640-6414
Angela Foster / Jeriana Phillips	5732 Buckeystown Pike #4	Frederick	MD	21704	301-631-5321
Jose Chile	12079-12081 Nebel Street	Rockville	MD	20852	301-315-0488
George Noyes / Stephanie Noyes	534 Jermor Lane	Westminster	MD	21157	410-871-9820
Daryl Veit / Adria Veit	27857 Orchard Lake Road	Farmington Hills	MI	48334	248-994-0105
Amy Nelson / Harlan Nelson	6080 28th Street SE	Grand Rapids	MI	49546	616-285-8009
Michael Pascarelli	956 South Airport Road West; Suite A	Traverse City	MI	49686	231-932-0688
Mark Lyons / Jennifer Lyons	3005 Biddle Avenue; Suite 2	Wyandotte	MI	48192	734-281-1500
Ross Rosenthal /	16368 Wagner Way	Eden Prairie	MN	55344	952-906-2894
Gary Dotseth / Terry Dotseth	13617 Grove Drive	Maple Grove	MN	55311	763-416-3274
James Kennedy	1692 Lexington Avenue N.	Roseville	MN	55113	651-251-2246
Gary & Pam Duncan /	7730 Hudson Road, Suite 20	Woodbury	MN	55125	651-379-1799
Bill Albert / Maureen Albert	119 Chesterfield Towne Centre	Chesterfield	MO	63005	636-532-0066
Charles Scott	1230-1238 W. Williams Street	Apex	NC	27502	919-335-8345
Patrick McCartney / Kathy McCartney	19722 One Norman Blvd., Suite 220	Cornelius	NC	28031	704-987-9630
Sundari Ganesan / Manickam Ganesan	105 W. NC Highway 54, Suite 261	Durham	NC	27713	919-316-1538
Amanda Hodges	3410 Wendover Avenue W	Greensboro	NC	27407	336-285-9492
Rodney Gibson / Melody Gibson	825 Spartanburg Highway; Suite 5	Hendersonville	NC	28792	828-698-4802
Gary Schmidt / Pamela Schmidt	2301 16th Street SW	Minot	ND	58784	701-838-0873
Andrew Berry / Jamie Berry	410 South River Road, Unit #6	Bedford	NH	03110	603-647-9994
Salvatore Calautti	345 Amherst Street	Nashua	NH	03063	603-879-9998
Nicholas D'Alleva / Patricia D'Alleva	236 North Broadway, Unit I	Salem	NH	03079	603-893-0800

EMBROIDME.COM, INC.
List of Franchisees as of February 29, 2016

Name	Address	City	State	Zip	Phone
Robert Karnila / Joanne Karnila	215 Route 22 East	Greenbrook	NJ	08812	732-752-1871
Michael Fried / Jonathan Sklar (main contact)	381 Main Street	Hackensack	NJ	07601	201-489-6766
Harris Sanders	520 Route 9 North	Manalapan	NJ	07726	732-851-6944
George Zacieracha	16 Pine Street	Morristown	NJ	07960	973-267-3000
Robert Pouliot / Tina Louise Pouliot	5 Route 206; Suite 3-11	Raritan	NJ	08869	908-595-0700
Eran Basis	6 Washington Street	Tenafly	NJ	07670	201-815-2700
Todd Martinez / Louis Martinez	6600 Holly NE, Suite B4	Albuquerque	NM	87113	505-797-8005
Darcy Zavislak	1850 Whitney Mesa Drive, # 130	Henderson	NV	89104	702-453-8004
Edward Sullivan / Lynn Marie Sullivan	The Brisbane Building	Buffalo	NY	14203	716-842-2600
Marc Hartman	64 East Sunrise Highway	Lindenhurst	NY	11757	631-991-3646
Tim Slater / Caroline Slater	7567 Oswego Rd	Liverpool	NY	13090	315-409-0002
Mohammed Esmielsadah	453 Walt Whitman Road	Melville	NY	11747	631-423-3700
Angelo Bonvino / George & Michele Hanken	27 North Middletown Road	Nanuet	NY	10954	845-627-7711
Maria Emma	5 East 33rd Street	New York	NY	10016	212-695-9530
Scott & Diane Pawenski	2600 South Rd., Suite 37A	Poughkeepsie	NY	12601	845-452-2400
Roberto Costilla	42 Hillside Avenue	Williston Park	NY	11596	516-535-4085
Paul Brestelli	2638 West State Street	Alliance	OH	44601	330-823-8255
Kenneth Grodek / Susan Grodek	4311 Ridge Road	Brooklyn	OH	44144	216-459-9250
Edward & Kristina Hamsher /	3611 Cleveland Avenue SW	Canton	OH	44707	330-484-8484
Matt Towne / Helen Salas	857 E. Franklin Street	Centerville	OH	45459	937-434-0404
Richard & Cynthia King / Alissa King	91 N. Paint Street	Chillicothe	OH	45601	740-851-5807
James Willman / Justin Willman	8001 Beechmont Avenue	Cincinnati East	OH	45255	513-231-2600
Joe Vulpio	4140 Tuller Road, #114	Dublin	OH	43017	614-789-1898
David Foresta / Scott Foresta	950 Taylor Station Road, Suite U	Gahanna	OH	43230	614-933-9194
Fatima Cristina Bertero	3683 Clague Road	North Olmsted	OH	44070	440-716-8899
Bruce Sorenson / Nanette Sorenson	1142 Hill Road North	Pickerington	OH	43147	614-501-9515
Peter Brennan / Mary Ellen Brennan	7115 South Mingo Road	Tulsa	OK	74133	918-459-6699
Willie Girlinghouse	1217A Garth Brooks Blvd.	Yukon	OK	73099	405-265-3330
Ken Bachich / Linda Bachich	155 Rohrerstown Road	Lancaster	PA	17603	717-399-0204
Charles Wade / Deborah Wade	7249 St. Andrews Road, Suite 300	Columbia	SC	29212	803-787-5117
Milton Makoski	3215 Devine Street	Columbia	SC	29205	803-764-3663
Todd Smith / Susan Smith	5146 Wade Hampton Blvd.	Taylors	SC	29687	864-292-2500
Vicki Bauer	5017 S. Louise Avenue	Sioux Falls	SD	57108	605-274-0105

EMBROIDME.COM, INC.
List of Franchisees as of February 29, 2016

Name	Address	City	State	Zip	Phone
Michelle Johnson / Michael Johnson	7140 Stage Road	Bartlett	TN	38133	901-922-5362
Cynthia Gale	1229 Eastman Road, Suite 215	Kingsport	TN	37664	423-392-9995
Richard Eakes / Cindy Eakes	1818 Northwest Broad Street	Murfreesboro	TN	37129	615-895-1182
Tom Carson / Cle Juan Carson	4102 Buffalo Gap Road, Suite K	Abilene	TX	79605	325-795-0088
Martin Rains / Angela Rains	7620 Hillside Road, Suite 300	Amarillo	TX	79119	806-355-3600
Amy Lampe / Matthew Lampe, DVM	1630 Valwood Parkway, #116	Carrollton	TX	75006	972-247-9933
William Wheatley	140 West FM 1382, Suite 177	Cedar Hill	TX	75104	972-293-3003
Jo-Anne Reeger / Robert Reeger	11133 I-45 South, Suite 290	Conroe	TX	77302	936-271-1500
Carol Geryk	4535 SPID, Suite 12	Corpus Christi	TX	78416	361-334-0898
Larry Peterson	5400 East Mockingbird Lane #122	Dallas (Metro)	TX	75206	214-828-2223
Wilson Mendez / Dolores Mendez	4901 North Mesa Street, Suite 3 B	El Paso	TX	79912	915-234-2339
Carl Stuckey / Deborah Stuckey	3411 Preston Road, Suite #6	Frisco	TX	75034	972-668-8530
Chung Hua Linda Hsiang / Joe Martinez	11300 Interstate 10 Frontage Road	Houston	TX	77043	281-596-8880
Denise Padilla / Cheston Syma	519 Durham Drive, Suite B	Houston	TX	77007	832-834-3513
Janet Domec / Devin Henley	11808 Barker Cypress, Suite D	Houston (Cypress)	TX	77433	832-653-5560
Virgilio Pineda / Claudia Moreno / Diana Valdes	4451FM 1960 East, Suite A	Humble	TX	77346	281-812-2656
Jim Ayers / Kim Ayers	430 South Mason Road	Katy	TX	77450	281-693-0444
Carol Geryk / Jimmy Geryk	1010 So. 14th Street	Kingsville	TX	78363	361-592-4700
Hector Leal / Joanne Leal	2706 N. 10th Street	McAllen	TX	78501	956-683-8006
David Gruver	400 N. Central Expressway, Suite 104	McKinney	TX	75070	469-952-5051
Darlene Brown / Gregory Brown	8333 Culebra Road, Suite 204 B	San Antonio	TX	78251	210-647-7560
Justin O'Donnell	6000 FM 3009 Suite 202	Schertz	TX	78154	210-655-6300
Chip Frank / Julie Frank	2140 E. Southlake Blvd., Suite N	Southlake	TX	76092	817-442-0601
Nancy Flynn	18508 Kuykendahl Road	Spring	TX	77379	281-651-1980
Gwendolyn Jones	3527 Highway 6 South, #140	Sugarland	TX	77478	281-242-4700
William (Randy) Gunn	1585 US 77, Suite E	Waxahatchie	TX	75165	972-923-0970
Debra Holzbach / Barry Holzbach	20801 Gulf Freeway, Suite 22	Webster	TX	77598	281-557-4400
Tom & Rosemarie Black / Rob Kershaw	83 W. 3300 S	Salt Lake City	UT	84115	801-486-1234
Gary Montante	4656-A King Street	Alexandria	VA	22302	703-575-9003
Kiran Gunnam	13894 Metrotech Drive	Chantilly	VA	20151	703-435-7773
Fadhel Alfadhli	10370 Main Street	Fairfax	VA	22030	703-273-2061
Tony Hite / Larry Ledoyan	6981 Gateway Court	Manassas	VA	20109	703-366-3077
Michael Kim	7702 - C Backlick Road	Springfield	VA	22150	703-644-5080

EMBROIDME.COM, INC.
List of Franchisees as of February 29, 2016

Name	Address	City	State	Zip	Phone
Jason (Scott) Bryant / Stephanie Bryant	3018 Virginia Beach Blvd.	Virginia Beach	VA	23452	757-498-3453
Mark Domasky	N 474 Eisenhower Drive, Suite L	Appleton	WI	54915	920-738-1999
Borivoj Brankov (Bora) / Slavica Brankov	2355-B N. 124th Street	Brookfield	WI	53005	262-787-5401
Jeff Jacobson / Teresa Jacobson	6674 Odana Road	Madison	WI	53719	608-824-3921
Warren Hintz	690-G Westfield Way	Pewaukee	WI	53072	262-695-6999
Mark Luling / Darcy Luling	147 East Sunset Drive	Waukesha	WI	53189	262-446-3420
Mike Besaw / Rebecca Besaw	607 S. 24th Avenue, Suite 12	Wausau	WI	54401	715-843-0707
Shane Day	6349 Route 60 East, Suite 4-A	Barboursville	WV	25504	304-736-2400
Stephen (Rip) Dawson IV	951 National Road	Wheeling	WV	26003	304-905-0036

Franchise Agreements Signed But Stores Not Yet Open

Name	Address	City	State	Zip	Phone
William Foster	540-125 Commerce Center	Jacksonville	FL	32225	904-309-9535
Leonard & Marina Haber / Allen Willinsky		Jupiter	FL		561-775-9195
Richard Lewis	320 South Highway 19	Palatka	FL	32177	386-329-5503
Layne Oki	688 Kinoole Street, Suite 115 B	Hilo	HI	96720	808-934-0011
Ali Erbas		Downers Grove	IL		815-585-3062
Kathryn Baum	9001 Brodie Lane, C - 8	Austin	TX	78748	512-892-1300
Cherie Wrenn	17375 Tomball Parkway, # 2F	Houston	TX	77064	832-559-8989

EXHIBIT F

TABLE OF CONTENTS FOR OPERATING MANUAL

THE EMBROIDME.COM INC.
BUSINESS SYSTEM

TABLE OF CONTENTS

The following is a listing of 11 categories consisting of topics covered in our Confidential Procedure Manual. The total number of pages is 298. Under each category is a general outline of what is covered for each category.

1. GENERAL INTRODUCTION – 22 Pages

- Owning Your Own Business
- The Apparel & Promotional Product Business
- The Embroidme.com Business System
- The 5 Keys to Success
- Training: Schedule, Goals, Procedures

2. MARKETING – 22 Pages

- Introduction
- Sales Basics
- Marketing Programs
- Daily Schedule
- Top Ten Tips To Remember
- Probe For Prospects
- Marketing Presentation Book
- Marketing Tools
- How to Make a Sales Call
- The Presentation
- Handling Objections
- Qualifying Prospects
- Key Lines
- Creating a Need
- Asking Questions
- Marketing Follow-Up Procedures
- Setting Appointments
- Quotations
- Making the Sale
- Phone Presentation
- Marketing Checklist
- Working Trade Shows
- Suggestive Selling
- Selling Higher Prices
- Selling In-House Products
- Selling Outside Services
- Closing Orders
- Selling Beyond Objections
- Incoming Calls
- Telephone Sales
- Re-Marketing
- Avoiding "Shop-Lock"
- Hiring Marketing Representatives
- Advertising
- Direct Mail
- Thank-Yous
- Miscellaneous Marketing Approaches
- Telemarketing Program
- How to Develop Winning Sales Habits
- Review of Marketing

3. PRICING – 68 Pages

- POS Software Program
- Embroidery Pricing Guidelines
- Extra Charges
- Logo & Artwork Pricing
- Large Quantities Pricing
- Pricing Maintenance
- Things to Consider
- Outside Services
- Worksheet
- Promotional Products
- Pricing Formula/Procedures
- General Materials Charges
- General Worksheet

4. EQUIPMENT TRAINING – 19 Pages

- Embroidery Operation Control Panel
- Computer Output and Machine Input
- Maintenance & Oiling
- Changeover From Each Mode

5. PRODUCTION CONTROL – 22 Pages

- Operations
- Working Hours
- Job Organization
- Production Control
- Scheduling Work
- Ordering
- Materials Needed
- Instituting The Job Box System
- Scheduling Charts/Boards

6. PERSONNEL – 45 Pages

- Skill Requirements
- Rules Of Questioning
- The Interview
- “Must & Want” Technique
- Advertising
- Steps To Hire
- Production Testing
- Managing Personnel
- Post Interview Checklist

7. MANAGEMENT – 2 Pages

- Product Mark-Ups
- Cost of Labor
- Production Rates
- Cost of Goods & Materials

8. MATERIALS – 47 Pages

- General Product Introduction
- Fabric Types
- Thread Types
- Screen Printing
- Materials Reference Chart

9. FRONT COUNTER SALES – 1 Page

- Steps In Writing An Order

10. OUTSIDE SERVICES – 11 Pages

- ASI & Promotional Products
- Screen printing

11. MISCELLANEOUS – 39 Pages

- Technical Tips
- Copyright & Trademark Laws
- Creating A Business Plan

EXHIBIT G

**AGENTS FOR SERVICE OF PROCESS/STATE
ADMINISTRATORS**

DIRECTORY OF AGENCIES/ AGENTS FOR SERVICE OF PROCESS

<p>CALIFORNIA</p>	<p>Administrator - Department of Business Oversight 71 Stevenson Street, Suite 2100 San Francisco, CA 94105-2980 Telephone: 866-275-2677</p> <p>Agent - California Commissioner of Business Oversight Department of Corporations 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 1-866-275-2677</p>		
<p>CONNECTICUT</p>	<p>Banking Commissioner - Department of Banking Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>		
<p>FLORIDA</p>	<table border="0"> <tr> <td data-bbox="669 905 1084 1150"> <p>Administrator - Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800</p> </td> <td data-bbox="1084 905 1572 1150"> <p>Agent- Jill K. Klein 2121 Vista Parkway West Palm Beach, FL 33411</p> </td> </tr> </table>	<p>Administrator - Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800</p>	<p>Agent- Jill K. Klein 2121 Vista Parkway West Palm Beach, FL 33411</p>
<p>Administrator - Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800</p>	<p>Agent- Jill K. Klein 2121 Vista Parkway West Palm Beach, FL 33411</p>		
<p>HAWAII</p>	<p>Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 Telephone: 808-586-2722</p>		
<p>ILLINOIS</p>	<p>State of Illinois – Franchise Bureau Office of Attorney General 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p>		
<p>INDIANA</p>	<table border="0"> <tr> <td data-bbox="669 1602 1084 1839"> <p>Agent – Indiana Secretary of State 201 State House 200 W. Washington Street Indianapolis, IN 46204 Telephone: 317-232-6531</p> </td> <td data-bbox="1084 1602 1572 1839"> <p>Administrator - Indiana Securities Division 302 W. Washington St., Rm. E-111 Indianapolis, IN 46204 Telephone: 317-232-6681</p> </td> </tr> </table>	<p>Agent – Indiana Secretary of State 201 State House 200 W. Washington Street Indianapolis, IN 46204 Telephone: 317-232-6531</p>	<p>Administrator - Indiana Securities Division 302 W. Washington St., Rm. E-111 Indianapolis, IN 46204 Telephone: 317-232-6681</p>
<p>Agent – Indiana Secretary of State 201 State House 200 W. Washington Street Indianapolis, IN 46204 Telephone: 317-232-6531</p>	<p>Administrator - Indiana Securities Division 302 W. Washington St., Rm. E-111 Indianapolis, IN 46204 Telephone: 317-232-6681</p>		

MARYLAND	Agent – Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202	Administrator - Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202
MICHIGAN	Michigan Department of Attorney General Corporations and Securities Bureau PO Box 30054 6546 Mercantile Way Lansing, MI 48909	
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-3165	
NEW YORK	Administrator - New York State Department of Law 120 Broadway, 23 rd Floor <u>Avenue</u> New York, NY 10271	Agent - New York Secretary of State <u>41 State Street</u> <u>99 Washington</u> Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Department 414 Bismarck, ND 58505-0510 Phone: 701-328-4712	
RHODE ISLAND	State of Rhode Island Dept. of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920	
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501	
TEXAS	Secretary of State P.O. Box 12887 Austin, TX 78711	

<p>VIRGINIA</p>	<p><u>Registered Agent:</u> Clerk of the State Corporation Commission 1300 E. Main Street, 1ST Floor Richmond, VA 23219 Telephone: 804-371-9733</p> <p><u>State Administrator:</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 Telephone: 804- 371-9051</p>
<p>WASHINGTON</p>	<p>Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 9033 — or — 150 Israel Rd. SW Tumwater, WA 98501</p>
<p>WISCONSIN</p>	<p>Wisconsin Securities Commission 345 W. Washington Ave., Fourth Floor Madison, WI 53703 Telephone: 608-266-1064</p>

EXHIBIT H

GENERAL RELEASE AGREEMENT

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (“Agreement”) is made between **EMBROIDME.COM, INC.**, a Florida corporation (hereinafter referred to as the “Franchisor”) and _____, whose business is located at _____ hereinafter referred to as the “Franchisee”).

INTRODUCTION

A. The Franchisor and the Franchisee entered into a Franchise Agreement (the “original Franchise Agreement”) dated _____, pursuant to which the Franchisor granted the Franchisee an EmbroidMe franchise.

B. The parties desire to terminate the original Franchise Agreement on the terms and conditions set forth in this Agreement.

C. This Agreement has been supported by full and adequate consideration, receipt of which is hereby acknowledged by both the Franchisee and the Franchisor.

The parties agree as follows:

1. **Termination of Franchise Agreement and Related Agreements.** The parties agree that, subject to Section 3 hereof and the terms and conditions set forth in Schedule A attached hereto, the original Franchise Agreement and all obligations of the Franchisee and Franchisor under or arising from the original Franchise Agreement are hereby terminated.

2. **Mutual General Releases.** Subject to Section 3 hereof, the Franchisee, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge the Franchisor and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which the Franchisee ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the original Franchise Agreement, the Franchisor’s offer, sale or negotiation of the EmbroidMe franchise, the relationship of the parties arising therefrom, or the Franchisor’s conduct in obtaining and entering into agreements.

Subject to Section 3 hereof, the Franchisor, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge the Franchisee and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which the Franchisor ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the original Franchise Agreement.

Initials

3. **Post-Term Covenants; Special Stipulation.** The termination and release provided in this Agreement shall have no effect on those obligations of the Franchisee (and its owners and guarantors, if any) arising out of the original Franchise Agreement or any other agreement which concern the payment of any accrued but unpaid amounts owed to the Franchisor (whether known or unknown), or which otherwise expressly or by their nature survive the termination of the original Franchise Agreement, including, without limitation, obligations pertaining to the Franchisee's indemnification obligations, non-disclosure of the Franchisor's confidential information and non-competition with the Franchisor. In addition, all obligations of the parties, if any, in the original Franchise Agreement pertaining to mediation and arbitration of disputes and jurisdiction and venue for dispute resolution, shall apply with equal force to the terms and conditions of this Agreement, as if set forth herein. Such obligations shall continue in full force and effect in accordance with their terms subsequent to termination of the original Franchise Agreement and until they are satisfied or by their nature expire. The Franchisee acknowledges and agrees it has no right, title or interest in and to the trademarks associated with Franchisor's franchise system, including, without limitation, "EmbroidMe," and any colorable imitation thereof.

4. **Confidentiality.** It is acknowledged by the Franchisee that the terms of this Agreement are in all respects confidential in nature, and that any disclosure or use of the same by the Franchisee may cause serious harm or damage to the Franchisor, and its owners and officers. Therefore, the Franchisee agrees, either directly or indirectly by agent, employee, or representative, not to disclose the termination, this Agreement or the information contained herein, either in whole or in part, to any third party, except as may be required by law.

5. **Non-Disparagement.** The parties agree that at no time will they make any derogatory statements about or otherwise disparage, defame, impugn or damage the reputation of integrity of the others, provided that nothing in this paragraph will preclude any party from providing truthful information in response to compulsory legal process. The parties further agree not to, and to use their best efforts to cause any of the parties' agents, employees or affiliates not to, disparage or otherwise speak or write negatively, directly or indirectly, of the parties' brands, systems, or any other service-marked or trademarked concept of the parties or the parties' affiliates, or which would subject such brands, systems or concepts to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of the parties or their brands, systems or service-marked or trademarked concepts.

5.6. **Binding Effect.** All of the terms and provisions of this Agreement, whether so expressed or not, shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective legal representatives, heirs, successors and permitted assigns.

6.7. **Interpretation.** Each of the parties acknowledge that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the execution of this Agreement and all of the other documents executed incidental hereto, if any,- and, therefore, the parties agree that none of the provisions of this Agreement or any of the other documents should be construed against any party more strictly than against the other.

7.8. **Entire Agreement.** This Agreement, including any Schedules attached hereto (which are considered a part of this Agreement), represent the entire understanding and agreement between the parties

with respect to the subject matter hereof, and supersede all other negotiations, understandings and representations if any made by and between the parties.

8.9. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws.

9.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page shall be binding upon any party so confirming or telecopying.

10.11. Effectiveness of Agreement. This Agreement shall not be effective until it has been signed by the Franchisee and an authorized officer of the Franchisor and delivered fully executed to the Franchisee and the Franchisor.

THE UNDERSIGNED have read, fully understand, and, by executing below, agree to the terms and conditions of this Agreement.

EmbroidMe.Com, Inc.:

By: _____

Print Name: _____

Date: _____

The Franchisee:

Signature: _____

Print Name: _____

Date: _____

Signature: _____

Print Name: _____

Date: _____

_____/_____
Initials

SCHEDULE A

ADDITIONAL TERMS AND CONDITIONS FOR TRANSFER AND ASSUMPTION OF FRANCHISE

The Franchisee desires to transfer its rights to operate its EmbroidMe Center operated under the original Franchise Agreement (the “EmbroidMe Center”) to a successor franchisee, _____ (“Successor Franchisee”). The Successor Franchisee desires to continue operating such EmbroidMe Center pursuant to a Successor Franchise Agreement with Franchisor. The terms and conditions of this Schedule “A” supplement the terms and conditions of the foregoing General Release Agreement of which this Schedule forms a part.

The parties agree that the foregoing recitals are true and correct, and for good and valuable consideration, the receipt of which is acknowledged by each of the parties, the parties agree as follows:

1. **Transfer.** Effective as of the date of this Agreement, the Franchisee does hereby bargain, sell, assign, convey, and transfer all of Franchisee’s rights to the Successor Franchisee to operate the EmbroidMe Center, pursuant to the Successor Franchise Agreement and any related written agreements between the Successor Franchisee and Franchisor. Subject to the terms of such Successor Franchise Agreement and related written agreements with Franchisor, the Successor Franchisee hereby accepts and assumes the rights and obligations of the Franchisee to operate the EmbroidMe Center. Successor Franchisee is not assuming any liabilities of Franchisee to Franchisor. If for any reason the sale of Franchisee’s business to Successor Franchisee is not completed, the General Release Agreement will be deemed null and void and Franchisee shall continue to operate the EmbroidMe center under the terms of the original Franchise Agreement. Unless otherwise provided in a written agreement between Franchisee and Successor Franchisee, Franchisee, during the period from the date hereof to the final closing date of the sale of the EmbroidMe center to the Successor Franchisee, shall operate the EmbroidMe center for his/her own account.

2. **Successor Agreements and Payments.** The Successor Franchisee is hereby delivering to Franchisor its duly signed Successor Franchise Agreement and any related agreements that may be required as a result of this transaction under the original Franchise Agreements. The Successor Franchise Agreement means the current standard form of Franchise Agreement required by the Franchisor, subject to any modifications consented to in writing by Franchisor. The Successor Franchisee is also hereby delivering to Franchisor a training fee in the amount of \$29,500.00. No initial franchise fee shall be due under the Successor Franchise Agreement from the Successor Franchisee.

3. **Consents, Subordination and Acknowledgments.** The Franchisor consents to the transfer to and assumption by the Successor Franchisee in accordance with this Agreement. Such consent does not constitute approval of, nor agreement with, any of the provisions of any agreement (other than this Agreement) between the Franchisee and Successor Franchisee. The Franchisee and Successor Franchisee specifically acknowledge that the Franchisor is not a party to any such agreements. The Franchisee agrees that its rights pursuant to any agreements with the Successor Franchisee, are subject to and subordinate in all respects to Franchisor’s rights under the Successor Franchise Agreement and all related agreements, if any, between the Franchisor and Successor Franchisee, including all renewals, modifications, and extensions, if any, to such agreements. The Successor Franchisee agrees that its rights concerning the

Franchisor exist pursuant only to the written agreements entered between the Franchisor and Successor Franchise, and in the event of any conflict with the terms of this Agreement, except regarding the waiver of the payment of an initial franchise fee, the terms of such other agreements shall control. The Successor Franchisee acknowledges that it has received and reviewed the General Release Agreement of which this Schedule "A" forms a part. The Successor Franchisee further acknowledges that, except as expressly provided in this Agreement, Franchisor has no liability with respect to, related to, or arising out of, any transaction between the Franchisee and Successor Franchisee, and releases, indemnifies and holds the Franchisor harmless from same.

FRANCHISOR:

EmbroidMe.Com, Inc.:

By: _____

Date: _____

The Franchisee:

Signature: _____

Date: _____

Signature: _____

Date: _____

(Print Corporation Name -if one)

By: _____

Print Name/Title

Date: _____

SUCCESSOR FRANCHISEE:

Signature: _____

Date: _____

(Print Corporation Name -if one)

By: _____

Print Name/Title

Date: _____

EXHIBIT I

**LIST OF TERMINATED, CANCELLED, OR NOT RENEWED
FRANCHISEES**

List of terminated, Cancelled, Not Renewed or
Ceased to do Business Franchisees as of 12/31/15

Name	Address	City	State	Zip	Phone
Andy Newberg	115 Audubon Drive; Suite 4	Maumelle	AR	72113	501-851-3202
Ray Maarouf*	6245 E. Bell Road #114	Scottsdale	AZ	85254	480-998-9199
Joanna Rykoff	1476 Grass Valley Highway	Auburn	CA	85603	530-889-9030
Michael Delaney / Keith Delaney	7162 Edinger Avenue	Huntington Beach	CA	92647	714-375-4090
Martin Fredstrom / Tresa Fredstrom	92 Corporate Park, Suite I	Irvine	CA	92606	949-202-4040
Michael Jordan / Ben Bassett*	396 N. Congress Avenue; Suite 105	Boynton Beach	FL	33426	561-375-8726
Gina Walker / Bob Walker	11778 East Colonial Drive	Orlando	FL	32817	407-658-4323
Amy Vanden Bos	3050 Business Park Drive, Suite A-1	Norcross	GA	30071	678-421-9092
Michael Foskey / Meredith Foskey / Robert Middleton	1900 Gornto Road; Suite G	Valdosta	GA	31602	229-588-3411
Trenton Kubo / Berdina Kubo	94-673 Kupuohi Street, Suite A-104	Waipahu	HI	96797	808-260-4306
Doug Winslow*	790 Royal Saint George Drive	Naperville	IL	60563	630-778-1234
Jed Jeter / Lisa Jeter	5634 E. Central Avenue	Wichita	KS	67208	316-425-7748
Nick Raschella / Pam Raschella	3767 North Mayo Trail	Pikeville	KY	41501	606-432-5935
Earl Hepburn Jr.*	1890B North Causeway	Mandeville	LA	70471	985-624-9718
Patricia Chapman*	10540 York Road	Cockeysville	MD	21030	410-683-3383
Sherwood Quiring / Mary Quiring*	13617 Grove Drive	Maple Grove	MN	55311	763-416-3274
Ken Crean*	105 W. NC Highway 54, Suite 261	Durham	NC	27713	919-316-1538
Paula Salmon*	3410 - C W. Wendover Avenue	Greensboro	NC	27407	336-285-9492
Newton Jones / Rosemarie Jones	410 Andbrow Drive; Unit 5	Pitman	NJ	08071	856-812-0509
Thomas Newman, Jr.	80 Route 6, Suite 508	Baldwin Place	NY	10505	914-628-2020
Thomas Hahn / Judith Hahn	101 Bridge Street, Suite 2	Phoenixville	PA	19460	610-933-4500
Linda Kohout*	9001 Brodie Lane, # C 8	Austin	TX	78748	512-892-1300
Ekhi Muniategui*	4901 N. Mesa Street, Suite 3 B	El Paso	TX	79912	915-234-2339
Benjamin Howard / Denise Padilla*	519 Durham Drive, Suite B	Houston	TX	77007	832-834-3513
Colin Kiser / Travis Kiser*	1585 North Highway 77, Suite E	Waxahachie	TX	75165	972-923-0970
Tom Black / Rosemarie Black	785 E Ft. Union Blvd.	Midvale	UT	84047	801-285-5200
Robert Packard / Karen (K.C.) Packard*	311 Spring Street	Herndon	VA	20170	703-435-7773
Seongin Ok / Becky Smith*	14220 NE 20th Street, Suite D	Bellevue	WA	98007	425-643-1155
Stephen Dawson IV	5707 McCorkle Avenue, Suite 50	Charleston	WV	25304	304-925-2202

*Franchisees who sold their store in 2015.

EXHIBIT J
COMPLIANCE CERTIFICATE

EMBROIDME

COMPLIANCE CERTIFICATION

You are preparing to enter into a Franchise Agreement for the establishment and operation of an EmbroidMe business. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that EmbroidMe.com, Inc. (“the Franchisor”) has not authorized and that may be untrue, inaccurate, or misleading.

A. The following dates are true and correct:

(Date) _____
(Initials) The date on which I first received a Franchise Disclosure Document about the EmbroidMe franchise.

(Date) _____
(Initials) The date of my first face-to-face meeting with a franchise sales representative of the Franchisor to discuss the possible purchase of a franchise.

(Date) _____
(Initials) The date on which I signed the contracts and agreements as disclosed in my Franchise Disclosure Document

(Date) _____
(Initials) The earliest date on which I delivered cash, check, or other consideration to the Franchisor in connection with the purchase of a franchise.

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

1. Have you personally reviewed the Franchise Agreement and the Franchise Disclosure Document?
Yes ____ No ____
2. Do you understand all of the information contained in the Franchise Agreement and the Franchise Disclosure Document? Yes ____ No ____

If “No”, what parts of the Franchise Agreement and/or the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

3. Have you discussed the benefits and risks of establishing and operating an EmbroidMe business with an attorney, accountant, or other professional advisor? Yes ____ No ____
4. Do you understand that the success or failure of your EmbroidMe business will depend in large part upon your skills and abilities, competition from other agencies, interest rates, inflation, and other economic and business factors? Yes ____ No ____
5. Has any employee speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits, or operating costs of any EmbroidMe business operated by the Franchisor or its franchisees? Yes ____ No ____
6. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the total amount of revenue you might achieve or operating profit you might realize from an EmbroidMe business? Yes ____ No ____

7. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating an EmbroidMe business that is contrary to or different from the information contained in the Franchise Disclosure Document? Yes ____ No ____
8. Has any employee speaking on behalf of the Franchisor made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that EmbroidMe will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ____ No ____
9. Do you understand that your initial franchise fee is non-refundable upon entering into a Franchise Agreement? Yes ____ No ____

C. If you have answered “Yes” to any one of questions B. 5-8, or “No” to question B. 9 please provide a full explanation of each “Yes” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered “No” to each of questions B. 5-8 and “Yes” to question B.9, please leave the following lines blank.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT:

Signature: _____

Print Name: _____

Date: _____

(If applicable)

Corporation Name: _____

By: _____

Print Name/Title: _____

Date: _____

APPROVED BY:

Analyst: **Renee Black**

Date: _____

EXHIBIT K –

NONDISCLOSURE AND

NON-COMPETITION AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

THIS NONDISCLOSURE AND NON-COMPETITION AGREEMENT (this "Agreement") made as of the _____ day of _____, 20____, ("Effective Date") is by and between _____, ("FRANCHISEE") (d/b/a an EmbroidMe Franchise, EmbroidMe.com, Inc., a Florida corporation d/b/a EmbroidMe, ("COMPANY") and _____ of _____ (State), ("INDIVIDUAL") (collectively, the "Parties").

WITNESSETH:

WHEREAS, FRANCHISEE is a party to that certain franchise agreement dated _____, 20____ (the "Franchise Agreement") by and between FRANCHISEE and COMPANY; and

WHEREAS, FRANCHISEE desires INDIVIDUAL to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, FRANCHISEE is required by the Franchise Agreement to have INDIVIDUAL execute this Agreement prior to providing INDIVIDUAL access to said Trade Secrets and other Confidential Information; and

WHEREAS, INDIVIDUAL understands the necessity of not disclosing any such information to any other party or using such information to compete against COMPANY, FRANCHISEE or any other franchisee of COMPANY in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) the production and sale of embroidered, screen-printed apparel and/or advertising and promotional merchandise and/or other services or products the same as or similar to those provided by FRANCHISEE or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of FRANCHISEE, or COMPANY, any affiliate of COMPANY or COMPANY's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by FRANCHISEE under a Franchise Agreement with COMPANY.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the Parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

INDIVIDUAL acknowledges and understands FRANCHISEE possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords and lists of actual or potential customers or suppliers) related to or used in the development and/or operation of EmbroidMe Stores that is not commonly known by or available to the public and that information: (i) derives 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 (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to the development and/or operation of EmbroidMe Stores that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the operating manual and training guides and materials. In addition, any other information identified as confidential when delivered by FRANCHISEE shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or

subsequently becomes generally available to the public through no fault of INDIVIDUAL; (ii) INDIVIDUAL can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure by FRANCHISEE pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by COMPANY or FRANCHISEE as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve INDIVIDUAL of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. INDIVIDUAL understands FRANCHISEE's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between INDIVIDUAL and FRANCHISEE with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) INDIVIDUAL shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of FRANCHISEE, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, INDIVIDUAL must take all steps reasonably necessary and/or requested by FRANCHISEE to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. INDIVIDUAL must comply with all applicable policies, procedures and practices that FRANCHISEE has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) INDIVIDUAL's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination or expiration of INDIVIDUAL's relationship with FRANCHISEE, regardless of the reason or reasons for termination or expiration, and whether such termination or expiration is voluntary or involuntary, and FRANCHISEE and/or COMPANY are entitled to communicate INDIVIDUAL's obligations under this Agreement to any future customer or employer to the extent deemed necessary by FRANCHISEE and/or COMPANY for protection of their rights hereunder and regardless of whether INDIVIDUAL or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in an EmbroidMe Store.

3. Non-Competition

a) During the term of INDIVIDUAL's relationship with FRANCHISEE and for a period of two (2) years after the expiration or termination of INDIVIDUAL's relationship with FRANCHISEE, regardless of the cause of expiration or termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of FRANCHISEE to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the COMPANY's trademark "EmbroidMe" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the COMPANY designates to be used in connection with EmbroidMe Stores.

b) During the term of INDIVIDUAL's relationship with FRANCHISEE, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of FRANCHISEE and COMPANY.

c) For a two (2) year period following the term of INDIVIDUAL's relationship with FRANCHISEE, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation,

limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business within a twenty-five (25) mile radius of FRANCHISEE's EmbroidMe Store or within twenty-five (25) miles of any other EmbroidMe Store without the express written consent of FRANCHISEE and COMPANY.

d) During the term of INDIVIDUAL's relationship with FRANCHISEE and for a period of two (2) years thereafter, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of FRANCHISEE, COMPANY or any other EmbroidMe Store to compete against, or terminate or modify his, her or its employment or business relationship with, FRANCHISEE, COMPANY or any other EmbroidMe Store.

4. Reasonableness of Restrictions

INDIVIDUAL acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of FRANCHISEE, COMPANY, and COMPANY's Trade Secrets and other Confidential Information, the COMPANY's business system, network of franchises and trade and service marks, and INDIVIDUAL waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then INDIVIDUAL shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

a) INDIVIDUAL further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause FRANCHISEE and COMPANY immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, FRANCHISEE and COMPANY shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by INDIVIDUAL of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that FRANCHISEE and COMPANY may have at law or in equity.

b) In addition, in the event of a violation of the covenants contained in the Agreement, the Parties agree that damages for such violations would be difficult to quantify. Due to the difficulty in the quantification of resulting damages, the Parties agree that Company would be entitled to liquidated damages in the amount of \$85,500 per event of violation.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between INDIVIDUAL, COMPANY and FRANCHISEE with respect to the subject matter hereof. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the Parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) ANY ACTION BROUGHT BY ANY OF THE PARTIES, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT LOCATED IN OR SERVING PALM BEACH COUNTY, FLORIDA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY ALSO BE BROUGHT BY COMPANY OR FRANCHISEE WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR AWARDS IN ANY APPROPRIATE JURISDICTION.

d) INDIVIDUAL agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of INDIVIDUAL and shall inure to the benefit of FRANCHISEE and COMPANY and their subsidiaries, successors and assigns.

f) The failure of any Party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of the other Parties with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by INDIVIDUAL, FRANCHISEE and COMPANY.

j) The existence of any claim or cause of action INDIVIDUAL might have against FRANCHISEE or COMPANY will not constitute a defense to the enforcement by FRANCHISEE or COMPANY of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon FRANCHISEE or COMPANY pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, FRANCHISEE and COMPANY have hereunto caused this Agreement to be executed by its duly authorized officer, and INDIVIDUAL has executed this Agreement, all being done in triplicate originals with one (1) original being delivered to each Party.

WITNESS: _____ FRANCHISEE:

_____ By: _____

_____ Its: _____

WITNESS: _____ INDIVIDUAL:

_____ Signature: _____

_____ Name Printed: _____

WITNESS: _____ COMPANY:

_____ By: _____

_____ Its: _____

**EXHIBIT L –
DISCLOSURE DOCUMENT ADDENDA**

STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

STATE OF CALIFORNIA

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

Item 3 of the Disclosure Document is amended to add:

The franchisor, and the persons and franchise brokers listed in Item 2 of the Disclosure Document are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires application of the laws of the State of Florida. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee 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 requires bidding arbitration. The arbitration will occur in West Palm Beach, Florida with the costs being borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

We will comply with all appropriate laws governing any direct financing offered by us to you including, if applicable, the California Finance Lenders Law.

STATE OF ILLINOIS

1. Item 17 g. and h. of the Disclosure Document entitled “RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION” is amended by adding the following the following language:

The conditions under which a franchise can be terminated and rights upon non-renewal may be affected by the Illinois Franchise Disclosure Act, Sections 19 and 20.

2. Item 17(v) of the Disclosure Document entitled "CHOICE OF FORUM-" is amended to read as follows:

"Illinois"

3. Item 17(w) of the Disclosure Document entitled "CHOICE OF LAW" is amended to read as follows:

"Illinois Law"

STATE OF MARYLAND

1. Item 17 (f) of the Disclosure Document is amended by adding the following language:

"Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law. (11USC Section 101 et seq)"

2. Item 17 (m) of the Disclosure Document is amended by adding the following language:

"A general release required as a condition of renewal, sale or transfer shall not apply to liability under the Maryland Franchise Registration and Disclosure Law."

3. Item 17 (v) of the Disclosure Document is amended by adding the following language:

"Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

4. Item 17 (w) of the Disclosure Document is amended by adding the following language:

"A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

5. The Franchisee Ratification is amended by adding the following language:

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

STATE OF MINNESOTA

1. Item 17 (f) of the Disclosure Document is amended by adding the following language:

"Minn. Stat. Sec 80C.14 Subds. 3, 4, and 5 require except in certain cases that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days for

non-renewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.”

2. Item 17 (v) of the Disclosure Document is amended in its entirety to read as follows:

“Minn. Stat. Sec 80C.21 and Minn. Rule 2860.440J prohibit us from requiring litigation to be conducted outside of Minnesota.”

3. Trademarks. The following is added at the end of Item 13:

To the extent required by the Minnesota Franchises Act, we will protect your rights to use the trademarks, service marks, trade names, logo types, or other commercial symbols related to the trademarks or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks.

STATE OF NEW YORK

The following is added at the end of Item 3:

With regard to the Company, our affiliates listed in Item 1 and the persons identified in Item 2:

- A. No administrative, criminal or civil action pending against that person alleging: a felony, violation of franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- B. No such person or entity 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: violation of a franchise, anti fraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- C. No such person or entity is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any business activity as a result of an action brought by a public agency or department, including, without limitation, Neither the Franchisor nor its affiliates, predecessors, officers, or general partner during the ten year immediately before the date of the Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed

against it) a petition to start an action under the Bankruptcy Code during or within one year after the individual held this position in the company or partnership actions affecting a license as a real estate broker or sales agent.

The following is added at the end of Item 4:

Except as disclosed above, neither the Franchisor nor its affiliates, predecessors, officers, or general partner during the ten year immediately before the date of the Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the Bankruptcy Code during or within one year after the individual held this position in the company or partnership

Item 17 (d) is amended by adding the following language:

You may terminate the franchise agreement on any grounds available by law.

Item 17 (j) is amended by adding the following language:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

Item 17 (w) is amended by adding the following language:

The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

STATE OF NORTH DAKOTA

1. Item 17 of the Disclosure Document is amended by the addition of the following language to the original language that appears therein:

The Commissioner has determined that franchise agreements which require the franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of a franchise agreement are generally considered unenforceable in the State of North Dakota.

The Commissioner has determined that franchise agreements which provide that parties agree to the arbitration of disputes at a location that is remote from the site

of the franchisee's business are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Section 51-19-09 of the North Dakota Franchise Investment provides that a provision in a franchise agreement that requires jurisdiction or venue shall be in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

2. Item 17(w) of the Disclosure Document entitled "CHOICE OF LAW" is amended to read as follows: "North Dakota Law"

STATE OF RHODE ISLAND

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Disclosure Document for Plan Ahead Events, Inc., for use in the State of Rhode Island, is amended as follows:

1. Item 17 (u) shall be amended to read: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.
2. Item 17 (v)(w) shall be amended to read: §19-28.1-14 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.

STATE OF WASHINGTON

The second paragraph of the Cover Page of this Disclosure Document is amended to read as follows:

The total investment necessary to begin operation of an EmbroidMe store is from \$221,705 to \$246,485. These amounts include \$184,495 that must be paid to the Franchisor. These amounts do not include any amounts for rent or security deposits for the store premises.

The following note is added below the table in Item 7 of this Disclosure Document:

(*Note: The amount of your estimated initial investment listed above does not include any amounts for rent or security deposits for the store premises for the initial months of the operation of your business.)

The State of Washington has a Statute, RCW 19.1000.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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 pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, 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.

**EXHIBIT M –
DISCLOSURE DOCUMENT RECEIPT**

RECEIPT

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

If **EMBROIDME.COM, INC.** offers you a franchise, **it** must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or sooner if required by applicable state law.

New York and Rhode Island Laws require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

~~Michigan, and Oregon, and Washington~~ require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If EMBROIDME.COM, INC. does not deliver this disclosure document on time, or if it contains a false or misleading statement, or material omission, a violation of federal and state Law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, or to your state agency listed in Exhibit G.

The Franchisor is EmbroidMe.com, Inc., located at 2121 Vista Parkway, West Palm Beach, FL 33411. Its telephone number is (561) 640-5570.

Issuance Date: March ~~20, 2015~~24, 2016

Franchise Seller: Mark Johnson, President, and/or the Sales Agent(s) listed below, EMBROIDME.COM, INC., 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

EMBROIDME.COM, INC. authorizes the respective state agencies identified in Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document issued March ~~20, 2015~~24, 2016 (see State Applicable Effective Dates page located after the State Cover Page in this disclosure document) that included the following Exhibits:

- | | |
|---|--|
| A. Franchise Agreement w/applicable Addenda | G. Agents for Service of Process |
| B. VFS <u>Omni</u> Equipment Lease | H. Termination and Release Agreement |
| C. Deposit Receipt | I. List of Terminated Franchisees |
| D. Financial Statements | J. Compliance Certification |
| E. List of Current Franchisees | K. Disclosure Document Addenda <u>Non-disclosure and Non-</u> |
| <u>Competition Agreement</u> | |
| F. Table of Contents for Operating Manual | L. Disclosure Document Receipt <u>Disclosure Document</u> |
| <u>Addenda</u> | |
| | M. <u>Disclosure Document Receipt</u> |

DATE: _____
(Do not leave blank)

PRINTED Sales Agent Name(s)

Prospective Franchisee **SIGNATURE**

»

Prospective Franchisee **PRINTED NAME**

Prospective Franchisee **SIGNATURE**

»

Prospective Franchisee **PRINTED NAME**

(If Applicable) Corporation/Company Name

By: _____
Authorized **Corporate Officer Signature**

»

_____/_____
Corporate Officer Printed Name **Title**

RECEIPT

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If **EMBROIDME.COM, INC.** offers you a franchise, **it** must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or sooner if required by applicable state law.

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~~Michigan, and Oregon, and Washington~~ require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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| <u>Addenda</u> | |
| | M. <u>Disclosure Document Receipt</u> |

DATE: _____
(Do not leave blank)

PRINTED Sales Agent Name(s)

Prospective Franchisee **SIGNATURE**

»

Prospective Franchisee **PRINTED NAME**

Prospective Franchisee **SIGNATURE**

»

Prospective Franchisee **PRINTED NAME**

(If Applicable) Corporation/Company Name

By: _____
Authorized **Corporate Officer Signature**

»

_____/_____
Corporate Officer Printed Name **Title**