

**FRANCHISE DISCLOSURE DOCUMENT**

**Garage Living Franchise Systems USA, Inc.**

a Delaware corporation  
201 Chrislea Road  
Vaughan, Ontario, Canada L4L 8N6  
Telephone: (905) 856-7175  
www.garageliving.com  
franchise@garageliving.ca



We offer a franchise for the operation of a business that provides design, supply and installation of residential garage organizers, cabinetry, concrete floor coatings, car lifts, garage doors, garage door operators, renovations services and additional products and services related to residential garage renovations under the name "Garage Living."

The total investment necessary to begin operation of a Garage Living franchise in a primary market is ~~\$244,450 to \$321,650~~. This includes between ~~\$114,500~~ and ~~\$139,500~~ that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation of a Garage Living franchise in a secondary market is ~~\$21,500 to \$164,250~~. This includes between ~~\$44,500~~ and ~~\$54,500~~ that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Aaron Cash at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 and (905) 856-7175.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.  
**Issuance Date:** April ~~11, 2025~~

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## How to Use this Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

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## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Delaware than in your own state.
2. **Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s ability to provide services and support to you.
3. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor designates or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

5. **Mandatory minimum payments. You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.**

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

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**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE  
MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

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(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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to: Michigan Attorney General's Office, Consumer Protection Division, Attention: Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 4893, Telephone Number: 517-373-7117.

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**Exhibits:**

- A State Agencies/Agents for Service of Process
- B Multi-State Addendum

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C1 Franchise Agreement

C2 Secondary Market Addendum

**D** Franchised Outlets

E Table of Contents of Operations Manual

F Financial Statements

G Form of General Release

H Acknowledgment Statement

State Effective Dates

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

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**The Franchisor**

Garage Living Franchise Systems USA, Inc. (“we”, “us” or “our”) is a Delaware corporation that was incorporated on July 28, 2014, and has its principal place of business at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6. We do business under our corporate name and the proprietary mark “Garage Living”. We will refer to the person or owner, partner or other entity who buys this franchise as “you” throughout this Disclosure Document.

We are offering franchises for the operation of “Garage Living” businesses (the “Business” or “Franchised Business”). We do not own or operate a Business of the type being franchised. We have never offered franchises in any other line of business, and we have no other business activities. We began selling franchises in the United States in February 2015. Our agents for service of process are listed in Exhibit A.

**Our Parents, Affiliates and Predecessors**

We have no predecessor or parent company. Our first affiliate is Garage Living Franchise Systems Inc., a Canadian corporation headquartered at our address (“GLF CAN”). GLF CAN does not own or operate a business of the type being franchised, it is an approved supplier of any product or service that you must purchase, and it will not guarantee our performance. GLF CAN has offered “Garage Living” franchises in Canada since March 2014. Our Affiliate is an approved supplier of Slatwall panels and accessories, stock modular cabinetry, coating fluid and related materials, overhead storage racks and other standard organizers, showroom fixtures and displays. Our Affiliate has never offered franchises in this or any other line of business.

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Our second affiliate is Garage Living of Ontario Inc. (formerly named Garage Living Inc.), a Canadian corporation headquartered at our address (“Affiliate”). Our Affiliate owns and operates one business of the type being franchised which has been in operation since September 2005. Our Affiliate owns the proprietary marks which it has licensed to us so that we may sublicense them to our franchisees. Our Affiliate has never offered franchises in this or any other line of business.

Our third affiliate is GLF Australia Inc., a Canadian corporate headquartered at our address. Our affiliate was incorporated in 2023 and has been granted a license to operate as the Garage Living franchisor for Australia and New Zealand. GLF Australia has awarded two territories in Sydney and Melbourne Australia. Our Affiliate has never offered franchises in any other line of business.

Our fourth affiliate is GLF DFW Inc. a Canadian corporate headquartered at our address. GLF DFW Inc. was incorporated in 2024 and is the majority shareholder of Garage Living of Dallas Fort Worth. Our Affiliate has never offered franchises in this or any other line of business.

Our fifth affiliate is GL DFW Ltd., a US C-Corp headquartered at 413 Saint Tropez Dr. Southlake, TX 76092. Our affiliate was incorporated in 2024 and operates the Garage Living of Dallas Fort Worth Franchise. Our affiliate acquired the assets of the franchise operation from Wolf Den Autosport, LLC. Our forth affiliate owns 75% of GL DFW Ltd. And Wolf Den Autosport Inc. owns 25%. Conway and Jennifer Reimer are the owners are Wolf Den Autosport, LLC. Our Affiliate has never offered franchises in any other line of business.

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**The Franchise Offered**

Garage Living Businesses are businesses providing design, supply and installation of residential garage organizers, cabinetry, concrete floor coatings, car lifts, garage doors, garage door operators, renovations services and additional products and services related to residential garage renovations (the “Products and Services”). Our System includes interior design, layout, color scheme, fixtures and furnishings; specific equipment, materials and supplies; methods, uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed by us (the “System”). The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark “Garage Living” as are now designated and together with any other proprietary marks as we may designate in writing in the future for use with the System (the “Proprietary Marks”).

A Garage Living Business in a primary market is operated from a light industrial, commercial or retail space with 3,000 to 4,000 square feet of space total, including approximately 800 to 1,000 square feet for a showroom, 400 to 500 square feet for office space, and the remainder for warehouse space. Your leased space must include sufficient parking for customers and service vehicles, and must have a loading dock or a drive-in door – ideally having both types of doors is optimal. A Garage Living Business in a secondary market is operated from a light industrial or commercial space with 1,000 to 2,000 square feet of space total, including approximately 200 to 600 square feet for office, a portion of which may be used for a small showroom space, and the remainder for warehouse space. Your leased space must include sufficient parking for customers and service vehicles and must have a loading dock or a drive-in door.

We offer you a franchise agreement (the “Franchise Agreement”) which gives you the right to establish and operate one Business within an assigned Designated Territory and the right to use the Proprietary Marks and the System solely with the operation of the Franchised Business. Your Business must at all times be under the direct, on-site supervision of a “Designated Operator”. Your Designated Operator must have a 75% ownership interest in you and must have decision making authority with respect to your Business.

**Market and Competition**

You will provide the Products and Services to residential and commercial customers in your Designated Territory. Your target market includes residential customers with above average income demographics. Your target market does not include do-it-yourself consumers, but you may sell products for consumers to pick up at your Business.

The market for the Products and Services is growing, and you will be competing against other companies that provide similar products and services, including local, regional and national companies, some of which may be franchise systems. The Business may be seasonal, depending on where your Business is located.

**Industry Specific Laws**

You must comply with all applicable laws, rules and regulations applicable to a Garage Living Business, and you may have to obtain certain licenses and/or certifications to operate the Business. The Business may be subject to state and local licensing requirements, permitting and certification laws and ordinances. For example, in certain states franchisees will be required to obtain a state contracting license in a specified class. Also, franchisees may be required to comply with regulations of state home

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improvement commissions which require the submission of an application evidencing prior experience in the home improvement field, the completion of an exam and/or the payment of fee for a license. In some instances, state contracting and home improvement licenses are only available with proof of several years prior relevant industry experience by an individual applicant or the employee of a corporate applicant. The operation of the Business is affected by OSHA regulations and state and local laws which govern dust collection processes.

You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business, as well as the licenses you may need to obtain.

**ITEM 2  
BUSINESS EXPERIENCE**

**President – Aaron Cash**

Mr. Cash has been our President since our inception in July 2014. He has been Director and President of GLF CAN (Vaughan, Ontario, Canada) since its inception in November 2013, and he has been a managing partner of our second affiliate since September 2005.

**Corporate Secretary and Director – Daniel Albo**

Mr. Albo has been our Corporate Secretary and Director since our inception in July 2014, and he has been President and a managing partner of our second affiliate since May 2009, (Vaughan, Ontario, Canada).

**Vice President of Franchise Marketing, Operations and Execution – Conway Reimer**

Mr. Reimer joined the organization in 2018 as the owner and franchise partner of Garage Living of Texas including the markets of Austin-San Antonio, Dallas Fort Worth and Houston.

**Vice President of Product Development and Supply Chain– Corbee Dutchburn**

Mr. Dutchburn joined the company and its first affiliate in November 2018 to establish and grow our product development department. In March 2022, Mr. Dutchburn assumed responsibility for the supply chain operation (Vaughan, Ontario, Canada).

**Director of Franchise Operations and Development – Kevin Lamb**

Mr. Lamb has been our Director of Franchise Operations and Development since October 2022. Prior to this role, Mr. Lamb was in the position of Franchise Business Coach with the Organization since joining in October 2021. Prior to Garage Living, Mr. Lamb was the Director of Operations for Dynapple Management Corporation O/A Applebee's Neighborhood Grill & Bar in Richmond Hill, Ontario from July 2011 to August 2020.

**Director of Franchise Training and Support – Gary DiStefano Jr.**

Mr. DiStefano Jr. has been our Director of Training and Support since October 2022. Prior to this role, Mr. DiStefano Jr. was in the position of a Franchise Business Coach with the Organization since joining in September of 2021. Prior to his role with the corporation, Mr. DiStefano Jr. was a Garage Living franchisee in Jacksonville, Florida from April 2015 to September 2021.

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- Deleted: . Prior to joining the company, Mr. Dutchburn served as owner and president of Decorpro/Develco, a company that designed, marketed, and distributed home furnishings and accessories in Toronto, Ontario, from May 2003 to April 2019....
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- Deleted: Prior to this Mr. DiStefano owned a residential and commercial concrete coating company...¶
- ¶ Director of Franchise Marketing – Ryan Spalding¶
- ¶ Mr. Spalding has been our Director of Franchise Marketing since December 2022. Prior to this role, Mr. Spalding was a marketing manager with the organization since joining in December 2020. Prior to joining Garage Living, Mr. Spalding held various marketing management roles in the music industry with Dine Alone Records in Toronto, Ontario from April 2008 to October 2018.¶
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- ¶ Director of Franchise Marketing – Ryan Spalding¶
- ¶ Mr. Spalding has been our Director of Franchise Marketing since December 2022. Prior to this role, Mr. Spalding was a marketing manager with the organization since joining in December 2020. Prior to joining Garage Living, Mr. Spalding held various marketing management roles in the music industry with Dine Alone Records in Toronto, Ontario from April 2008 to October 2018.¶
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Controller – Sandy Lui

Ms. Liu joined the company as our corporate controller and the controller of our first and second affiliates in March 2022. Ms. Liu previously served as project account manager for FER-PAL Infrastructure in Toronto, Ontario from April 2021 to January 2022, as controller for Pack-Smart Inc. in Vaughn, Ontario from March 2020 to April 2021, and as regional financial controller for ReneSola North America in Toronto, Ontario from March 2016 to March 2020.

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**ITEM 3  
LITIGATION**

*Garage Living Franchise Systems USA, Inc. (“Plaintiff”, “GLF USA”) v. David Hinderland, Kendra Hinderland, Jace Hinderland, Elbert J. Powers, Lone Star Luxury Garages, LLC and Garage Living of Dallas/Ft. Worth, LLC (“Defendants”) Cause No. 18-10422-431; District Court, 431st Judicial District (“Court”), Denton County, Texas.* On November 6, 2018, GLF USA filed an action against Defendants for outstanding monies owed for products purchased from GLF USA’s affiliate and fees due to GLF USA, Defendants forming a company in direct competition with GLF USA using the confidential intellectual property, business model and physical assets of GLF USA. The Court issued a temporary restraining order in December 2018 and a temporary injunction in January 2019. On November 15, 2019, the court entered a permanent injunction against the Defendants and closed the case.

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*Garage Living Franchise Systems USA, Inc., et al. v. Ted Wettstein, et al., Civil Action No. 24-cv-278 (M.D. Fl. Feb. 23, 2024).* This matter was filed by Garage Living Franchise Systems USA, Inc. and Garage Living Franchise Systems, Inc. against our former franchisee, Ted Wettstein, and those acting in concert with him, alleging violations of the post-term restrictive covenants contained in his Garage Living Franchise Agreement, and trademark infringement and trade dress infringement, amongst other causes of action, as a result of Defendants’ conduct. The parties agreed to enter a Consent Injunction and Dismissal Order, whereby the former franchisee has agreed to fully comply with his post-term non-competition obligation, and the co-Defendants agreed to certain limitations on their business operations, and all Defendants agreed to transfer certain intellectual property to us and our affiliate. Defendants, jointly and severally, also agreed to make a payment to us and our affiliate, in a confidential sum, to resolve the litigation. On April 11, 2024, the parties entered into a settlement agreement, and the court entered a consent injunction and dismissal order and closed the case.

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

**ITEM 4  
BANKRUPTCY**

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

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**ITEM 5  
INITIAL FEES**

When you sign the Franchise Agreement for a primary market you must pay us an initial franchise fee in the amount of \$60,000 for a single territory. When you sign the Franchise Agreement and Secondary Market Addendum for a secondary market you must pay us an initial franchise fee in the amount of \$30,000 for a single territory. The initial franchise fee is fully earned by us and is not refundable.

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You must purchase from our affiliate your initial inventory of Slatwall panels and accessories, stock modular cabinetry, coating fluid and related materials, overhead storage racks and other standard organizers. We estimate that the cost of your initial inventory of these items will be between \$20,000 and \$25,000 for a primary market and between \$5,000 and \$10,000 for a secondary market. If for any reason your Business fails to open, the products may be returned and a refund of 50% of the cost will be issued to you, less shipping and restocking fees.

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In addition to the initial inventory, if you purchase a primary market, you must purchase from our affiliate some of the showroom fixtures and displays. We estimate the total cost of fixtures and displays for the showroom purchased from our affiliate will be between \$30,000 and \$50,000. Showroom fixtures and displays for a secondary market will be dependent on the size of the space available. This amount is estimated at between \$5,000 and \$10,000. If for any reason your Business fails to open, the standard fixtures and displays that have not yet been installed in your showroom may be returned and a refund of 50% of the cost will be issued to you, less shipping and restocking fees. Custom displays are not refundable under any circumstances.

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Our affiliate has established volume discounts with various equipment suppliers for the grinding equipment. This includes the large grinder and vacuums. The approximate discounted price for this equipment depending on the package chosen ranges from \$35,000 to \$45,000. Should you choose to lease this equipment through a third party, our affiliate may still facilitate the sale at the discounted prices.

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You must pay us \$4,500 for the development of your "micro-site" website that will be designed and deployed for your specific franchised territory. This amount is payable when the Franchise Agreement is signed and is not refundable under any circumstances.

There are no other payments to or purchases from us or our affiliates that you must make before your Business opens.

**ITEM 6  
OTHER FEES**

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Name of Fee	Amount	Date Due	Remarks
Royalty (Note 1)	Primary Market: 6.5% of Gross Revenue  Secondary Market: \$2,000 per month.	Primary Market: Royalty reports are due on the 7 <sup>th</sup> day following the last day of the previous month and payments are due on the 15 <sup>th</sup> day of the month  Secondary Market: Due on the first business day of each month plus applicable taxes.	Payable by electronic funds transfer. Funds must be made available in your account for withdrawal. We may require payment other than by electronic funds transfer, and you must comply with our payment instructions
Marketing Fee	Primary Market: <u>\$1,200 per month</u>	Payable at the same time and in the	The Marketing Fund is described in Item 11. Upon notice to you,

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Name of Fee	Amount	Date Due	Remarks
	Secondary Market: \$1,400 per month	same manner as the Royalty Fee	we may increase the Marketing Fee up to 3% of Gross Revenue for a Primary Market and up to \$1,600 per month for a Secondary Market.
Local Marketing	3%-6% of Gross Revenue	Must be spent annually according to a marketing plan that we will develop with you.	You must promote your Business within your Designated Territory. All marketing materials that you propose to use must be approved by us before you use it. After your first year of operation we may, on an annual basis, adjust your local marketing requirement based on your individual circumstances. In no event will we require you to spend more than 6% of Gross Revenue for local marketing
Marketing Cooperatives (Note 2)	As determined by the members, not to exceed 3%-6% of Gross Revenue	As determined by the members	Marketing cooperatives are described in Item 11. Any amount you contribute to a cooperative will count toward your local marketing requirement
Local Digital Marketing	Determined by the Franchisee and confirmed by signed contract prior to the period of the expenditure	Will be automatically billed by credit card when the bill is received.	For Primary Markets, we will operate the majority of the digital marketing program for every franchisee. As part of this program, franchisees will be able to allocate local budget dollars to Pay-Per-Click (PPC) Google Adwords marketing.  For Secondary Markets, the franchisor operates all digital marketing initiatives for all franchisees. Franchisees in secondary markets will have the ability to customize their digital marketing
Initial Training Program – Additional or Replacement Employees	Our then-current training fee per person, plus expenses  Current training fee = \$2,000 for employees; \$6,500 for designated operators	Before training begins	The cost to train up to three people is included in the initial franchise fee. If you want us to provide our initial training program to additional employees either before your Business opens or while it is operating, you must pay our then-current training fee. You will also pay all of your trainees' expenses while attending training, including

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Name of Fee	Amount	Date Due	Remarks
			travel, lodging, meals and wages
Additional On-Site Training	Our then-current daily rate per trainer, plus expenses  Current daily rate = \$250	15 days after billing	If you request that we provide additional training at your Business location or if we determine that additional training is necessary, you must pay our hourly rate for each trainer we send, and you must reimburse each trainer's expenses, including travel, lodging and meals
Transfer Fee	\$24,500	\$4,500 payable with request for transfer; \$20,000 payable upon closing of transfer	No fee is imposed for a one time transfer from individual(s) to a corporate entity formed for the convenience of franchise ownership. We may also require you to pay to us a \$10,000 deposit toward payments you owe that come up within six months after the transfer (subject to state law)
Successor Agreement Fee	Reimbursement of our costs related to your Successor Agreement request (estimated to be between \$1,000 and \$5,000)	On demand	
Interest on Overdue Amounts	15% per annum or highest amount allowed under state law, whichever is lower	On demand	Payable on all overdue amounts. Interest accrues from the original due date until payment is received in full
Audit	Cost of the audit (estimated to be between \$1,000 and \$5,000). You must also pay any understated amount plus interest	On demand	Payable if an audit is required due to your failure to provide required reports, or if any audit shows that you have understated Gross Revenue or any amount owed to us by 2% or more
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with your agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Business's operations
Liquidated	See Note 3	15 days after	

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Name of Fee	Amount	Date Due	Remarks
Damages		termination	
Testing of New Products or Suppliers	Reimbursement of our costs, but not more than \$1,000	If incurred	If you request that we evaluate a new product or supplier for the System
Insurance	Reimbursement of premium costs plus a 10% administrative	On demand	If you do not maintain the required insurance, we may (but are not required to) obtain insurance for you
Management Fee	5% of Gross Revenue, plus expenses	If incurred	We may step in and manage your business in certain circumstances, including your death, disability or prolonged absence
Computer System Maintenance Fees	Up to \$1,500	Annually	We recommend, but do not require, that you have a maintenance contract for your computer system. Payable to your local supplier
Software License Fees	Primary Market: \$750 to \$1,500 Secondary Market: \$1,500 to \$3,000	Annually	Paid to as a reimbursement to us with proof of payment to the vendor. Actual fees will depend on the number of licenses that you purchase.
Trade Dress Updates	Will vary under the circumstances	As incurred	We may periodically require you to update the trade dress on your service vehicles and/or your showroom, which may require you to install new color schemes, logos, and signage. We will not make this request more frequently than every five years
Call Center Fees	To be determined	To be determined	We reserve the right to set up a call center to process calls and orders for Products and Services. If we set up a call center, we may designate that participation in the call center is mandatory for all Garage Living Businesses and you must pay us a reasonable processing charge for each order processed and/or a reasonable monthly charge for the right to access the Call Center, at such time as we shall determine.
Legal	Will vary under	As invoiced	With respect to any fees or other

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Name of Fee	Amount	Date Due	Remarks
Compliance Reimbursement Fee	the circumstances		costs which may be payable on account of federal, state, municipal and other governmental laws, regulations and rules applicable to the Business and/or the System compliance requirements, if we are billed in bulk on account of such program(s) for our franchisees' businesses and/or the System, we shall reasonably allocate your portion thereof and you shall pay and/or reimburse us such allocated amount upon receipt of invoice.
Customer Compensation Reimbursement Fee	To be determined, not to exceed the amount given to the complaining customer	As invoiced	If a customer lodges a complaint respecting you or your Business directly with us, we shall deal with the complaint on the basis of the customer service policy including we shall have the right to compensate the customer as we determine including, for example, by giving money back or a credit towards future purchases. You shall reimburse us for any compensation we may give the customer.

All fees are uniformly imposed by and payable to us, except as otherwise noted in the chart, and are non-refundable.

1. "Gross Revenue" means the total amount of all sales and other income (whether sales are of a retail, wholesale or other nature) derived from conducting the Business or any other activities at or from the Premises and otherwise within the Designated Territory, whether or not amounts are collected and whether payment is made by way of cash, credit or otherwise. No allowance shall be made for bad debts. Gross Revenue shall include all sales made by telephone and other electronic means, all sales generated from the Premises and all sales of any kind made in the Designated Territory. Gross Revenue shall not include any sales tax, provided that sales tax is collected by you from customers and provided the amount of the sales tax is in fact paid by you to the applicable governmental authority. If you conduct business in any manner outside of the Designated Territory, any revenue of any kind generated from conducting business outside of the Designated Territory shall be included in Gross Revenue. In jurisdictions where Use Tax is collected on the cost of materials, a calculation will be done to reduce revenue by this amount prior to the submission of a monthly report.

If you do not report your Gross Revenue when required, we may debit your account ~~120%~~ of the last Royalty and Marketing Fee that we debited. If the Royalty and Marketing Fee we debit are less than the Royalty and Marketing Fee you actually owe us, once we have been able to determine your true and correct Gross Revenue, we will debit your account for the balance on a

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day we specify. If the Royalty and Marketing Fee we debit are greater than the Royalty and Marketing Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

If any state imposes a sales or other tax on the Royalty Fee, then we have the right to collect this tax from you.

2. Businesses owned and operated by us and/or our affiliates may, but are not required to, participate in marketing cooperatives along with our franchisees and if they do participate they will have the same voting rights as our franchisees. No Business (or commonly controlled group of Businesses) will have more than 25% of the total vote on marketing cooperative matters.
3. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT -PRIMARY MARKET**

**YOUR ESTIMATED INITIAL INVESTMENT**

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Initial Franchise Fee (1)	\$60,000	Lump Sum	When Franchise Agreement is signed	Us
Rent – 3 Months (2)	\$9,000 - \$15,000	As Arranged	As Arranged	Landlord
Lease, Utility and Security Deposits	\$1,200 - \$2,400	As Arranged	As Arranged	Landlord, Utility Companies

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(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Leasehold Improvements (3)	<del>\$30,000</del> to \$35,000	As Arranged	As Arranged	Contractor
Signage	<del>\$3,000</del> to 5,000	As Arranged	As Arranged	Suppliers
Furniture, Fixtures and Displays (4)	\$30,000 to \$50,000	As Arranged	As Arranged	Suppliers and Us
Equipment (5)	\$35,000 - \$45,000	As Arranged	As Arranged	Suppliers
Vehicle (6)	<del>\$3,500</del> to \$4,000	As Arranged	As Arranged	Suppliers
Computer System and Software (7)	\$7,000 to \$9,000	As Arranged	As Arranged	Suppliers
Licenses and Permits (8)	<del>\$500</del> to <del>\$750</del>	As Arranged	As Arranged	Government Agencies
Professional Fees (9)	<del>\$1,500</del> to <del>\$3,000</del>	As Arranged	As Arranged	Attorney, Accountant, Etc.
Initial Inventory (10)	<del>\$20,000</del> to <del>\$25,000</del>	As Arranged	As Arranged	Us
Insurance – Annual Premium (11)	<del>\$1,750</del> to <del>\$3,500</del>	As Arranged	As Arranged	Insurance Companies
Training Expenses (12)	<del>\$3,000</del> to <del>\$5,000</del>	As Arranged	As Arranged	Airline, Hotel, Restaurants, Etc.
Grand Opening Promotional Campaign (13)	<del>\$4,500</del>	Lump Sum	As arranged	Suppliers
“Micro-site” website development fee (14)	\$4,500	Lump Sum	When Franchise Agreement is signed.	Us
Additional Funds – 3 months (15)	\$30,000 to \$50,000	As Needed	As Needed	Vendors, Suppliers, Employees, etc.
<b>TOTAL (16)</b>	<del>\$244,450</del> to <del>\$321,650</del>			

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**ESTIMATED INITIAL INVESTMENT – SECONDARY MARKETS**

**YOUR ESTIMATED INITIAL INVESTMENT**

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
Initial Franchise Fee (1)	\$30,000	Lump Sum	When Franchise Agreement is signed	Us
Rent – 3 Months (2)	\$3,000 - \$6,000	As Arranged	As Arranged	Landlord
Lease, Utility and Security Deposits	<del>\$750 - \$1,250</del>	<del>As Arranged</del>	As Arranged	Landlord, Utility Companies
Leasehold Improvements (3)	\$10,000 - \$15,000	As Arranged	As Arranged	Contractor
Signage	<del>\$1,500 - \$2,500</del>	<del>As Arranged</del>	As Arranged	Suppliers
Furniture, Fixtures and Displays (4)	\$5,000 – 10,000	As Arranged	As Arranged	Suppliers and Us
Equipment (5)	\$35,000 - \$45,000	As Arranged	As Arranged	Suppliers
Vehicle (6)	\$3,000 to \$4,000	As Arranged	As Arranged	Suppliers
Computer System and Software (7)	\$5,500 to \$7,500	As Arranged	As Arranged	Suppliers
Licenses and Permits (8)	\$250 to \$500	As Arranged	As Arranged	Government Agencies
Professional Fees (9)	\$1,000 to \$2,500	As	As Arranged	Attorney,

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(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To Whom Payment is to be Made
		Arranged		Accountant, Etc.
Initial Inventory (10)	\$5,000 - \$10,000	As Arranged	As Arranged	Us
Insurance – Annual Premium (11)	\$1,500 to \$3,000	As Arranged	As Arranged	Insurance Companies
Training Expenses (12)	\$2,000 to \$4,000	As Arranged	As Arranged	Airline, Hotel, Restaurants, Etc.
Grand Opening Promotional Campaign (13)	\$3,500	Lump Sum	As arranged	Suppliers
“Micro-site” website development fee (14)	\$4,500	Lump Sum	When Franchise Agreement is signed.	Us
Additional Funds – 3 months (15)	\$10,000 to \$15,000	As Needed	As Needed	Vendors, Suppliers, Employees, etc.
<b>TOTAL (16)</b>	<b>\$121,500 to \$164,250</b>			

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In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

1 **Initial Franchise Fee.** The initial franchise fee is discussed in Item 5.

2 **Rent.** If you do not own adequate or appropriate space, you must build or lease the space for your Business. Our estimates assume that you will lease the space for your Business. The typical space for a Garage Living Business in a primary market ranges from 3,000 to 5,000 square feet of space in a light industrial, commercial or retail space. The typical required space for a Garage Living Business in a secondary market ranges from 1,000 to 2,000 square feet in a light industrial, commercial or retail space. Landlords may vary the base rental rate and charge rent based on a percentage of Gross Revenue. In addition to base rent, your lease may require you to pay common area maintenance charges (“CAM Charges”) for your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Business, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region. If you choose to purchase real property on which to build your Business, your initial investment will be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

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3 **Leasehold Improvements.** Your leased space will need leasehold improvements to meet our then-current image for all Garage Living Businesses. The leasehold improvements may include flooring, wall covering, and the like, and will include the build-out of your showroom according to our specifications. The actual cost of your leasehold improvements will depend on labor rates for the area in which your Business is located, whether you must use union labor, the condition of the leased premises and how much the premises must be renovated. These costs may vary depending on whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions, and the condition of the space before you take possession of the premises. Our estimate does not include any tenant improvement allowance that you may negotiate.

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4 **Furniture and Fixtures.** The furniture and fixtures you will need includes basic office furniture, salesmen desks, guest chairs and décor items. You must also include the product displays in your showroom that we require. We estimate the total cost of fixtures and displays for the showroom purchased from our affiliate will be between \$20,000 and \$30,000 for a primary market and between \$5,000 and \$10,000 for a secondary market.

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5 **Equipment -** The equipment you will need includes concrete grinders, generators, dust collectors, ladders, power tools, hand tools, and the like. Our affiliate has established volume discounts with various equipment suppliers for the grinding equipment. This includes the large grinder and vacuums. The approximate discounted price for this equipment depending on the package chosen ranges from \$35,000 to \$45,000. Should you choose to lease this equipment through a third party, our affiliate may still facilitate the sale at the discounted prices.

6 **Vehicle.** You must have a service vehicle that must have the lettering, graphics and/or vehicle wrap that we require. Your installation vehicle must be a 16-foot cube truck with an electric lift. The service vehicle is typically a GMC 2500 Savanna or similar and may be new or used. If you purchase or lease a used vehicle, it must be less than three years old and have no visible body damage or rust. Your vehicle must be approved by us before you purchase or lease it.

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We recommend leasing or financing the vehicle. If the vehicle is purchased, you would have to pay a substantial amount which could be \$50,000 or higher depending upon the vehicle you purchase. Our estimate assumes you will lease or finance the vehicle, and our estimate includes a down payment of \$3,000 to \$5,000, plus lettering, graphics and/or vehicle wrap of approximately \$2,000 to \$3,500, plus three months of lease payments at \$1,500 to \$2,000 per month.

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7 **Computer System.** You must have the computer system with the software that we require. Additional information regarding the required computer system is in Item 11.

8 **Licenses and Permits.** Before you open your Franchised Business, you must obtain any required licenses and business permits. You must verify all of the licenses and permits that you need for your Business.

9 **Professional Fees.** You may need legal assistance in forming a corporate entity to purchase the franchise.

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10 **Initial Inventory.** Your initial inventory includes materials for projects, hardware and other consumables for project installations, and basic office supplies.

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11 **Insurance.** The figures in the chart represent the estimated annual premium for the insurance you must have. You will generally pay your premiums monthly, quarterly or semi-annually. Our insurance requirements are included in Item 8.

12 **Training Expenses.** We will provide our initial training program to you and two additional trainees for no additional fee. If you wish to have additional people attend our initial training program, you must pay our then-current training fee for each additional trainee. Our estimate includes the expenses your three trainees will incur while attending the training program, including travel, lodging, meals and applicable wages. The cost of travel and living expenses will vary depending on the number of people attending training, the distance you must travel and the accommodation you choose.

13 **Grand Opening Promotional Campaign.** You must budget \$4,500 for your grand opening promotional campaign and we will plan the campaign with you.

14 **“Micro-site” Website Development Fee.** You must pay us \$4,500 for the development of your “micro-site” website that will be designed and deployed for your specific franchised territory.

15 **Additional Funds.** You will need capital to support ongoing expenses, such as payroll, supplies, utilities, Royalty Fees and Marketing Fees, if these costs are not covered by sales revenue for your first three months of operation. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months, and does not include any sales you may generate during this period. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after.

16 **16. Total.** We relied upon our Affiliate’s experience in operating a similar business since 2005 when preparing these figures. However, these figures are merely estimates.

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

Our reputation and goodwill is based on, and can be maintained only by, the sale of high-quality Products and Services and the presentation, packaging, service and sale of those services, products and materials in an efficient and appealing manner. We have developed standards and specifications for various services, products, materials and supplies sold at or used in the operation of our Businesses. You must operate your Business according to these standards. These standards will regulate the types, models and brands of required fixtures, furnishings, equipment, computer hardware and software, signs, materials and supplies to be used in operating your Business, required or authorized equipment, products and services offered to customers and product categories and designated or approved suppliers of these items (which may be limited to or include us).

We will provide you a list of approved products and suppliers. We reserve the right to earn a profit from the sale of these items to our franchisees. Currently our second affiliate, Garage Living Franchise Systems Inc. (Canada) is the sole approved supplier for Wall Organizers, Overhead Storage, GL Signature Cabinetry and GL Premium Cabinetry, GL Tecnica Cabinetry, GL Vantage Cabinetry, and Floortex Coating products. During the fiscal year ending December 31, 2024, our second affiliate generated revenue of \$14,720,831 USD from the sale of products to our franchisees. Our second affiliate,

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Garage Living of Ontario (Formerly Garage Living Inc.) did not earn any revenue from the sale of items to our franchisee during the fiscal year ending December 31, ~~2024~~.

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Aaron Cash and Daniel Albo own an interest in our first and second affiliates. None of our officers have an ownership interest in any other approved supplier.

If you want to use any product, material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed product or supplier and obtain our approval of the product or supplier before purchasing the product or any items from this supplier. We will, within a reasonable time (within 15 days), notify you in writing (including by e-mail or updates to the Operations Manual) of our decision. We will establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not generally make available our criteria for product or supplier approval. You must reimburse the expenses we incur in evaluating the product or supplier you suggest, but not more than \$1,000.

We are not obligated to approve any product, material or supplier that you suggest. We reserve the right to disapprove any product, material or supplier if we believe, using our best business judgment, that approval would not be in the best interests of the System. We may also restrict the number of approved suppliers in an effort to standardize our System and to achieve the best prices for all Garage Living Businesses.

All of your required purchases and leases made from us, our affiliates or according to our specifications represent approximately 50% to 55% of your total purchases and leases in connection with the establishment of your Business and approximately 90% to 95% of your overall purchases and leases in operating the Business.

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of all Garage Living Businesses in the System. There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We do not provide you with material benefits, such as renewal of the franchise or the grant of additional franchises, based on your purchases of particular products or suppliers or purchases from designated suppliers.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). During the fiscal year ended December 31, ~~2024~~, we did not earn any Allowances based on purchases by our franchisees from approved suppliers.

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You must purchase all equipment, products and items used or offered for sale at your Business for which we have established standards or specifications solely from suppliers (including manufacturers, distributors and other sources) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Operations Manual or otherwise in writing. In the future, either we or an affiliate may develop and be a supplier of proprietary items that you

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must purchase for use in the operation of your Business and we reserve the right to earn a profit on sales of these items to our franchisees. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that the products or suppliers no longer meet our standards. Notice of revocation of any previously approved product or supplier will provide to you in writing, including e-mail. Upon receipt of ~~the~~ written notice of revocation, you must stop selling any disapproved products and stop purchasing from any disapproved supplier.

You must at all times maintain an inventory of approved supplies sufficient in quantity and variety to be in compliance with the Operations Manual and to provide efficient services to your customers.

We may conduct market research and testing to determine consumer trends and ~~the~~ salability of new products, materials and services. You must cooperate by participating in our market research programs, test marketing new products and services and providing reports and other relevant information regarding marketing research. In connection with any test marketing, you must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell the products, materials and services.

You must select a site that you propose to use for your Business and you must submit to us all information we require to evaluate the site you propose. You may not obtain the site (by lease, sublease or purchase agreement) until the site has been approved by us. We reserve the right to review any lease, sublease or purchase agreement for the approved site before you sign it. In addition, we reserve the right to require you and your landlord to sign our form of Collateral Assignment of Lease, attached to the Franchise Agreement as Schedule K, which permits us to assume your lease in certain circumstances.

You must arrange for blueprints and/or construction plans to be prepared for the build-out of your Business. We reserve the right to designate the architect or design firm that you must use. We will provide you with our requirements for the layout of your Business. Any blueprints or construction plans must be submitted to us for our approval before you may begin construction. Our review is only meant to verify compliance with our standards and presentation of the Proprietary Marks. You must make sure that the plans are in compliance with all applicable laws, ordinances and building codes. You may not open your Business until we have approved it for opening.

You must purchase or lease the computer system with the software that we require, as well as certain equipment needed to install Approved Products. We reserve the right to designate the supplier for the required computer system and any equipment.

You must have an installation vehicle that must have the lettering, graphics and/or vehicle wrap that we require. Your service vehicle must be a 16-foot cube truck with step bumper and pull-out ramp. The service vehicle is typically a GMC 2500 Savanna or Isuzu Diesel or similar and may be new or used. If you purchase or lease a used vehicle, it must be less than three years old and have no visible body damage or rust. Your vehicle must be approved by us before you purchase or lease it.

Any marketing materials that you wish to use and that have not been developed by us or approved by us within the immediately preceding 12-month period must be submitted to us for our review not later before you may use the marketing materials. If we do not notify you that the materials have been approved within 15 days after we receive them, then the materials are deemed not approved. We reserve the right to require you to include certain language in your marketing materials, such as “Franchises Available” and our website address and telephone number.

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In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverage that we require. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Business and standards for underwriters of policies providing required insurance coverage. Your insurance must be written by an insurance company authorized to do business in the state where your Business is located. You must provide us with a copy of your insurance certificate and your insurance policies must name us as “hold harmless” and as an additional named insured. The certificate of insurance must be provided to us before you will be permitted to begin operating your Business and must be provided to us upon the renewal of each policy. In addition, we may also regulate one or more of the following: required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to do so; our right to defend claims; and similar matters relating to insured and uninsured claims.

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You currently must maintain, in the amounts we prescribe, unless otherwise approved in writing, the following insurance coverages: (1) comprehensive general liability insurance with a minimum coverage of \$2,000,000 per occurrence; (2) worker’s compensation and employers liability insurance as required by applicable state law; (3) automobile liability insurance with a minimum of \$1,000,000 per occurrence for any vehicles used with the Franchised Business; (4) third party liability insurance with a minimum coverage of \$1,000,000; (5) property insurance for the leased premises at 100% replacement coverage; (6) any other insurance required by the terms of your lease; and (7) any other insurance that you must have according to your state’s laws and/or regulations. You must also obtain any additional insurance coverages that we may require in the future.

You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days’ advance written notice of any material modification, cancellation or expiration of the policy. If you fail to obtain the insurance coverages that we require, we may (but are not obligated to) obtain coverage on your behalf. You must reimburse any costs we incur related to obtaining insurance coverage for you, plus a 10% administrative fee.

**ITEM 9  
FRANCHISEE’S OBLIGATIONS**

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

Obligation	Article in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/ lease	5	Items 7 and 11
(b) Pre-opening purchases/leases	5	Items 5, 7 and 8
(c) Site development and other pre-opening requirements	5	Items 7 and 11
(d) Initial and ongoing training	6	Items 6, 7 and 11

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Obligation	Article in Franchise Agreement	Disclosure Document Item
(e) Opening	5	Item 11
(f) Fees	3	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/Operating Manual	8	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	12	Items 13 and 14
(i) Restrictions on products/services offered	8	Items 8 and 16
(j) Warranty and customer service requirements	8	Not applicable
(k) Territorial development and sales quotas	Not applicable	Item 12
(l) On-going product/service purchases	8	Item 8
(m) Maintenance, appearance and remodeling requirements	8	Item 11
(n) Insurance	8	Items 7 and 8
(o) Advertising	11	Items 6, 7 and 11
(p) Indemnification	8	Item 6
(q) Owner's participation/ management/ staffing	8	Items 11 and 15
(r) Records/reports	10	Item 6
(s) Inspection/audits	8 and 10	Item 6
(t) Transfer	16	Items 6 and 17
(u) Renewal	4	Items 6 and 17
(v) Post-termination obligations	15	Item 17
(w) Non-competition covenants	13	Item 17
(x) Dispute resolution	20	Item 17
(y) Liquidated Damages	15	Item 6

**ITEM 10  
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or any other obligation. We may refer you to third party financing sources for the purchase or lease of equipment, but we have no control over their decision whether to offer financing to you and we do not receive a referral fee for referring you or any other franchisee to the third party for financing.

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

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**Except as listed below, Garage Living Franchise Systems USA, Inc. is not required to provide you with any assistance.**

**Pre-Opening Obligations**

Before you open your Business, we will:

1. Approve the location for your Franchised Business and identify the boundaries of your Designated Territory (Franchise Agreement – Section 5.01).
2. Provide you with a design plan for the build-out of your Business, including the showroom (Franchise Agreement – Section 5.01). You must have your architect or design professional adapt our standard design plan for the size and layout of your premises. We reserve the right to designate the architect or design professional you must use. We also must approve of your construction plans before build-out of your Business begins. Our review of your construction plans will only relate to compliance with our requirements and presentation of the Proprietary Marks.
3. Provide an initial training program for up to three people in the operation of a Franchised Business, the cost of which is included in your initial franchise fee (Franchise Agreement – Section 6.01). This training is described in detail later in this Item.
4. Lend you one copy of the Operations Manual after you have completed our initial training program to our satisfaction (Franchise Agreement – Section 8.01(b)). We may provide the Operations Manual to you electronically. This Manual remains our property.
5. Provide you with a Design Plan which includes specifications for the vehicle, equipment, tools, initial inventory and computer system you will need to purchase or lease for the Franchised Business (Franchise Agreement – Section 5.02). We do not provide, purchase, deliver, or install any of these items for you. These items would all be purchased from approved vendors with designs or plans provided by us, and certain inventory items, showroom displays and fixtures must be purchased from us.
6. Plan your grand opening promotional campaign with you (Franchise Agreement – Section 11.01).

**Continuing Obligations**

During the operation of your Business, we will:

1. If we establish one or more websites accessible through one or more uniform resource locators (“URLs”), we may design and provide for the benefit of your Business a “micro-site” website for the promotion of your Business (Franchise Agreement – Section 8.01 (bb)).
2. Provide guidance and assistance in the operation of your Business. This guidance may be provided in the form of periodic correspondence, including telephone, e-mail or written communications, and periodic visits and will cover topics such as products or services to be offered to customers; improvements and developments in your Business; pricing; administrative, bookkeeping, accounting and inventory control procedures; and operating problems encountered by you (Franchise Agreement – Section 7.01).
3. Provide periodic refresher training (Franchise Agreement – Sections 6.03 and 6.04).

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4. Provide at your request, or if we determine it is necessary, additional training or assistance on-site at your Business (Franchise Agreement – Section 6.05). You must pay our then-current daily fee for each trainer we send to you, and you must reimburse each trainer’s expenses while providing additional training or assistance.

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5. Suggest pricing to you for the Products and Services, and we may determine the maximum prices you may charge (Franchise Agreement – Section 8.01(t)). You do not have to accept our suggested pricing but you must comply with any maximum prices we set, if we choose to set a maximum. If you choose to vary your prices from the pricing structure we suggest, we must approve of the prices you set.

6. Hold franchisee conventions at our headquarters or at another location to provide additional training, recertification, and to introduce new products or services. We do not have to hold a convention until we believe it is beneficial to do so (Franchise Agreement – Section 6.04).

8. Periodically introduce new products and/or services that your Franchised Business will offer to your customers (Franchise Agreement – Section 11.04(b)).

9. Administer the Marketing Fund (Franchise Agreement – Section 11.02).

**Site Selection and Opening**

You must select the site for your Business, and you must obtain our written approval of any proposed site in accordance with our procedures. Our written approval will not be unreasonably withheld if the site meets our minimum qualifications. Within 60 days after you sign the Franchise Agreement, you must submit to us the information we require to evaluate your proposed site. In evaluating a site we may consider the factors we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition within the area, rental obligations, and the site’s size, appearance and other physical characteristics. We will have 30 days after receipt of all of the information we need to advise you whether the site is approved. Unless we provide our specific approval of a site, the site is deemed not approved. Our approval only indicates that the site meets our then-current minimum criteria for a Garage Living Business. If you are not able to locate a site within 60 days after you sign the Franchise Agreement, we may either provide you with an extension of this timeframe or we may terminate your Franchise Agreement.

Once we approve a proposed site, you must sign a lease for the site. The terms of your lease must not conflict with the terms of your Franchise Agreement, and the length of the lease should not be longer than the term length of your Franchise Agreement. You must submit the lease to us for our approval before you sign it. At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached as Schedule K to the Franchise Agreement.

We estimate that between three to six months will elapse from the date you sign the Franchise Agreement to the opening of your Business. Your Business must be opened for business not later than six months after the Franchise Agreement is signed. You may not open your Business for business until: (1) the initial training program we provide has been completed to our satisfaction by all required persons; (2) the initial franchise fee and all other amounts due to us have been paid; (3) you have furnished us with all certificates of insurance required by the Franchise Agreement; (4) you have obtained all required governmental permits, licenses and authorizations necessary for the operation of your Business; (5) your Business has been developed, constructed, equipped and stocked according to our specifications; (6) you are in full compliance with all the terms of the Franchise Agreement; and (7) we have approved your

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Business to open. Factors that may delay your opening the Franchised Business include shortages of required equipment, delays in delivery, construction delays, and whether you can complete the initial training program to our satisfaction without having to re-take any portion of the training. If your Business is not opened within six months after you sign the Franchise Agreement, we may grant you an extension of this timeframe or we may terminate your Franchise Agreement.

### **Marketing Fund**

We have established a Marketing fund (“Fund”) to promote the System, Franchised Businesses and the Products and Services. You must pay a Marketing Fee in an amount equal to 2% of Gross Revenue each month for a primary market and \$1,400 per month for a secondary market. With 30 days’ prior written notice to you, we may increase the Marketing Fee to a maximum of 3% of Gross Revenue for a primary market and up to a maximum of \$1,600 for a secondary market. Businesses owned by us and our affiliates may, but are not required to, pay the Marketing Fee into the Fund.

The Fund will be used for national and regional marketing, publicity and promotion relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent. Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes, and social media initiatives. We may use a portion of the Fund for the lead generation of new customers. We have the right to direct all marketing activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation.

We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these marketing and promotional activities. The Fund is intended to maximize general public recognition in all media of the Proprietary Marks and patronage of Franchised Businesses and we have no obligation to make sure that expenditures of the Fund in or affecting any geographic area are proportionate or equivalent to payments of the Marketing Fee by franchisees operating in that geographic area, or that any Franchised Business will benefit directly or in proportion to the Marketing Fees paid for the development of advertising and marketing materials or the placement of advertising. We may use up to 25% of the Fund for marketing that is principally a solicitation for the sale of franchises.

We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs such as salaries for our employees who devote time and effort to Fund related activities) of developing, producing and distributing any marketing materials and collecting the Marketing Fee (including attorneys’, auditors’ and accountants’ fees and other expenses incurred in connection with collecting any Marketing Fee).

Funds from the Marketing Fees paid will be kept separate and distinct and will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above. Any sums paid to the Fund that are not spent in the year they are collected will carry over to the following year. We will prepare, and furnish to you upon a written request, an annual, unaudited statement of funds collected, and costs incurred.

You authorize us to collect for a deposit into the Marketing Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases from that supplier. Any advertising or promotional monies or credits we collect from any supplier based upon your purchases will not count toward your required payment of the Marketing Fee.

In the fiscal year ending December 31, 2024, 100% of the 2% marketing fund was spent on digital marketing programs. The fund allocates a fixed amount per month per franchisee to cover SEO,

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PPC Management, Website Maintenance and a digital reputation management program in addition to national marketing programs. Any contribution over this fixed amount is allocated to local digital marketing budgets. In the fiscal year ending December 31, 2024, 56.73% of all Marketing Fund dollars collected were redirected to local digital marketing campaigns, 31.85% was directed to the fixed expenses to manage the digital marketing program and 11.42% of funds were allocated to national marketing initiatives.

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**Advisory Councils**

We may establish one or more advisory councils to advise us on matters relating to the System, marketing, new products and services, or other matters. If we establish an advisory council, members will include our representatives and franchisee representatives. The franchisee representatives may be selected by us or may be selected by other franchisees. If formed, the advisory council will act in an advisory capacity only and will not have decision-making authority. We will have the right to form, merge, change or dissolve any advisory council. If you participate on an advisory council, you will pay all of your expenses related to your participation, such as travel and living expenses you incur to attend council meetings. In the year ending 2023 Garage Living had one Franchise Advisory Council consisting of six (6) franchisees/designated operators. The council met two times in person and two times by video conference. The council will be rotating members each year and will continue to meet quarterly.

**Local Marketing**

You must conduct local marketing to promote your Franchised Business in your Designated Territory and you must spend 6% of Gross Revenue each month for local marketing during your first year of operation. After your first year of operation, we may adjust the amount you must spend for local marketing based on your individual circumstances, but the amount requires you to spend will not be more than 6% of Gross Revenue. If we choose to reduce a franchisee’s local marketing requirement based on that franchisee’s individual circumstances, we are not required to grant you a similar reduction.

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Any marketing or promotional materials produced by you or on your behalf, or that we have not approved of within the preceding 12-month period, may not be used until they have been approved of by us. You must submit the proposed materials to us before you intend to use them, and we will have 15 days to notify you whether the materials are approved. If we do not notify you within this 15-day period that the materials are approved, then they are deemed not approved. Any marketing materials submitted to us for our review will become our property and there will be no restriction on our use or distribution of these materials. You must periodically provide us with verification of all expenditures for local marketing and promotion within 30 days after we request it.

All marketing you conduct must include the trademark and/or copyright symbols we specify. We reserve the right to require you to include certain language in your marketing, such as “Franchises Available” and our website address and telephone number. You must report to us any misuse or unauthorized use of any promotional or advertising materials of which you become aware.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory. You may not directly solicit customers outside of your Designated Territory.

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As part of any local marketing initiatives you may undertake, an important method to market the Business is through appearances at “home shows”, “car shows” and other similar type shows which may occur within your Designated Territory. You must determine if, where and when these shows may be taking place within your Designated Territory, and you must use your best efforts to participate in these shows. Any costs you incur to participate in these shows will be applied against your annual local marketing requirement.

We reserve the right to take over and conduct your local marketing. If we do this, the marketing may be carried out for the Business itself and/or in co-operation with marketing being conducted by us for other businesses using the System and the Proprietary Marks (whether operated by us, an affiliate or another of our franchisees) in your Designated Territory and/or a regional market area as designated by us. If we take over your local marketing, we shall have no liability or obligation to you with respect to the conduct of local marketing for you, and all costs are payable by you and shall be paid immediately upon receipt of an invoice. We have no obligation to spend any amount on advertising in your area or Designated Territory.

### **Cooperative Marketing**

We may form a marketing cooperative for an area where there are two or more Franchised Businesses, or we may approve of the formation of a marketing cooperative by our franchisees. If a cooperative is established for an area that includes your Designated Territory, you must become a member of the cooperative and contribute to the cooperative that amount agreed upon by the majority of the cooperative members at the times agreed upon by the majority, and abide by the cooperative’s rules. If the cooperative will operate from written governing documents, you may review those documents before you join the cooperative. Any amount that you contribute to a cooperative will count toward your local marketing requirement, but if the amount you contribute to a cooperative is less than the amount you must spend on local marketing you must still spend the difference locally. Combined, you will not spend more than 3%-6% of Gross Revenue. If we or our affiliates have a Business in the cooperative’s area, that Business may, but is not obligated to, participate in the cooperative on the same basis as our franchisees.

Cooperatives are not required to prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you. We will have the power to require cooperatives to be formed, changed, dissolved or merged. Each Business in the cooperative will have one vote on all cooperative matters, but no one Business or commonly controlled group of Businesses may have more than 25% of the overall vote. If a Business owned by us or our affiliates participates in a cooperative, it will have the same voting rights as franchisee members.

### **Grand Opening Promotional Campaign**

You must budget \$3,500 for your grand opening promotional campaign and we will plan the campaign with you.

### **Website**

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and provide for the benefit of your Business a “micro-site” website for the promotion of your Business. The development cost for your “micro-site” website is \$4,500. If we establish one or more websites or other modes of electronic commerce and if we provide a “micro-site” website for the promotion of your Business, you must routinely provide us with updated copy, photographs and news stories about your

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Business suitable for posting on your “micro-site” website. We reserve the right to specify the content, frequency and procedure you must follow for updating your “micro-site” website.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products and services available at Garage Living Businesses – also be devoted in part to offering Garage Living franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “Garage Living” name or any name confusingly similar to the Proprietary Marks without our prior written consent.

You are not permitted to promote your Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn, Instagram, FourSquare or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Business’s operation, including prohibitions on your and the Business’s employees posting or blogging comments about the Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “micro-site” website.

**Computer System**

You must purchase the computer system we require, and our current specifications are included in our Operations Manual. The computer system you will need includes a Windows based computer with the following software: Cabinetvision. With our prior written consent only, you may use ~~the~~ existing computer system that you own. You may purchase your computer system from the vendor of your choice, unless we designate that you must use an approved supplier. Your computer system will provide you with the following functions: accounting, reporting, customer relationship management, inventory management, and project design. You must at all times maintain a high-speed internet connection for your computer system, such as a T-1 line, DSL or cable modem. We expect that the initial cost for your computer system, including all required software, will be between \$5,500 and \$7,500.

We strongly recommend, but do not require, that you have a maintenance contract for your computer system. If you choose to have a maintenance contract, we estimate that the cost will be up to \$1,500 per year. You will also have expenses to keep your software current, which we expect will be \$500 to \$1,000 annually.

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In addition to the upfront investment in the computer system, you will be required to pay recurring monthly software licensing fees for accounting, CRM (customer relationship management), quoting and inventory as part of the GLMS platform. We expect the costs of this ongoing software licensing fees to be \$3,600 - \$5,000 annually. This cost will be applicable in both primary and secondary markets but will vary based on the size of the business and number of users that require access to the system.

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We may require you, during the term of your Franchise Agreement, to update and/or upgrade your computer system and software, or purchase new computer hardware or software, for use in your Franchised Business. There is no contractual limitation on either our ability to require you to purchase updates, upgrades or new components or the cost of any updates, upgrades or new components. Neither we nor any affiliate of ours will provide you with any maintenance, updates or upgrades for any other part of your computer system.

We will have independent access to the information and data you collect at all times. There are no limits regarding the information and data we may obtain from your computer system. There are no contractual limits on our access to information and data on your system. All data will become our property. You must make sure that we have access to your computer system and its data at all times.

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### **Confidential Operations Manual**

You must operate your Business according to the standards, methods, policies and procedures specified in the Manual. One copy of the Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction. The Manual may be in paper or electronic format.

You must treat the Manual, any other of our manuals which are used in the operation of your Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at your Business.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

The Table of Contents of the Confidential Operations Manual is attached to this Disclosure Document as Exhibit F. Our Confidential Operations Manual includes approximately 312 pages.

### **Training Programs**

Before your Franchised Business opens, we will provide you and up to two additional people (for a total three trainees) with a mandatory initial training program in the operation of your Business, which must be completed to our satisfaction not later than 30 days before your Business opens. Our training program is conducted at our headquarters in Vaughan, Ontario, Canada, at one of our Affiliate's businesses in Ontario, Canada or another location that we designate. The cost to provide the initial training program for the first three trainees is included in the initial franchise fee. If you wish to send additional trainees to our training program, you must pay our then-current training fee. You must also pay for all costs of travel, food, lodging, wages and other incidental expenses incurred by you and your trainees. (Franchise Agreement – Section 6.01.) Our training program lasts for approximately two weeks

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and must be completed to our satisfaction by all trainees. If you or your Designated Operator fail to complete the initial training program to our satisfaction, we may offer you or your Designated Operator the opportunity to re-take the training program, at your expense, or we may terminate your Franchise Agreement. In addition to the training that will be conducted at our headquarters, a third week of training will be provided at your Business immediately before it opens for business. This last week of training will ensure that all of the software systems, equipment and operating procedures are established for the three individuals that attended the head office training, in addition to any staff at your location.

We do not have a set schedule for offering our training program. The training program will be provided on an as-needed basis as new franchisees enter the System and new Franchised Businesses are scheduled to open. We reserve the right to train multiple franchisees and their trainees at any one session. We also reserve the right to modify our training program based on the individual needs and/or experience of a trainee.

The materials we use in our training program include our Operations Manual and any other materials that we believe will be beneficial to our franchisees in the training process. We project the following training schedule:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Online Learning</b>	<b>Hours of Classroom Training</b>	<b>Hours of Hands-on Training</b>	<b>Location</b>
Business Planning	7	7	0	Vaughan/Your Business Location
Sales & Product Knowledge	4	4	15	Vaughan/Your Business Location
Administration/Accounting	20	2	2	Vaughan/Your Business Location
Marketing	0	3	0	Vaughan, ON
Installation	0	5	35	Vaughan, ON
In Market Support	0	0	30	Your Business Location

Our training program is conducted by Gary Distefano Jr. Nicolas Latina, Kevin Lamb, Aaron Cash, Sue Hall, Sandy Liu Daniel Albo, Daniele Chiarlitti, and others. The minimum experience of the instructors in the field that is relevant to the subject taught and our or our Affiliate’s operations is from 5 to 25 years.

We reserve the right to require you and certain of your employees to attend refresher training at a location determined by us. We may designate that attendance at refresher training is mandatory. We do not charge a fee for refresher training, but you must pay all expenses you and your trainees incur while attending any refresher training courses, including travel, lodging, meals and applicable wages.

We reserve the right to hold a meeting or convention of our franchisees, which may be held on a regional or national basis. We may specify that attendance at any franchisee meeting is mandatory unless

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the absence is excused by us. We may use a franchisee meeting to discuss new products or services, to discuss concerns with our franchisees, and/or to provide additional training. We will determine the location of the franchisee meeting, but we will not designate an unreasonably expensive location. We do not charge a separate fee for the franchisee meeting, but you must pay all expenses that you and your attendees incur, including travel, lodging, meals and applicable wages.

**ITEM 12  
TERRITORY**

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The Franchise Agreement grants you the right to operate your Business only within a Designated Territory, which will be designated in Schedule B to the Franchise Agreement (“Designated Territory”). This is your exclusive territory. Your Designated Territory includes an area that contains a minimum of 75,000 and a maximum of 170,000 qualified households. Qualified Households are households that are determined by household income, home values as they relate to the community, postal codes, shopping patterns, age of occupants, and other factors. A secondary market territory contains a minimum of 25,000 and maximum of 75,000 qualified households

There are minimum gross sales, market penetration or other contingencies that you must meet to maintain your interest in your Designated Territory. If you operate a primary market, you must meet the following average Gross Revenue amounts during the term of your Franchise Agreement:

Period	Average Gross Revenue
First Year of Operation	\$50,000 per month
Second Year of Operation	\$83,000 per month
Third Year of Operation	\$125,000 per month
Fourth Year of Operation	\$166,000 per month
Fifth Year of Operation	\$208,000 per month

If you operate a secondary market, you must meet the following average Gross Revenue amounts during the term of your Franchise Agreement:

Period	Average Gross Revenue
First Year of Operation	\$30,000 per month
Second Year of Operation	\$40,000 per month

If you do not meet the average Gross Revenue requirement the first time, you must take the remedial action that we require, which may include additional on-site training at your expense, additional local advertising or other measures, and you will have three months to achieve the required average Gross Revenue. If you do not meet the average Gross Revenue requirement a second time, we may reduce the size of your Designated Territory and we may require the additional remedial actions described above. If you do not meet the average Gross Revenue requirement a third time, we may terminate your Franchise Agreement.

You may not provide the Products and Services outside of your Designated Territory unless that customer is in an area that is not assigned to a franchisee. If you do provide Products and Services outside of your Designated Territory, then when the area is sold to another franchisee you must stop

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providing Products and Services to those customers. Franchisees are encouraged to participate in referral of business from adjoining territories.

You may relocate your Business only with our prior written approval and if you are in compliance with your Franchise Agreement. We will use our then-current site selection criteria to evaluate the new site for your Business that you propose. If we permit you to relocate your Business we may require you to sign a new Franchise Agreement (with a term equal to the remaining term under your original Franchise Agreement), but you will not have to pay a new initial franchise fee.

We (and any affiliates that we periodically might have) have the right:

- (1) To establish and operate, and grant rights to other franchise owners to establish and operate, Garage Living Businesses or similar businesses at any locations anywhere outside of your Designated Territory and on any terms and conditions we deem appropriate;
- (2) To sell services and products identical or similar to, or dissimilar from, those your Business sells, whether identified by the Proprietary Marks or other trademarks or service marks through alternative distribution channels (as defined below), anywhere outside of your Designated Territory;
- (3) To purchase or otherwise acquire the assets or controlling ownership of one or more businesses identical or similar to your Business (and/or franchise, license, and/or similar agreements for these businesses), some or all of which might be located anywhere;
- (4) To be acquired (regardless of the form of transaction) by a business identical or similar to Garage Living Businesses, even if the other business operates, franchises and/or licenses competitive businesses near your Business; and
- (5) To engage in any other business activities not expressly prohibited by the Franchise Agreement.

You may offer and sell the Products and Services and related products only from your Business and within your Designated Territory. You may not engage, without our prior written approval, in promotional activities or sell any products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere without our prior written approval; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory, you may not make any sales or deliver any products to customers located outside of your Designated Territory unless the customer is located in an area where there is not another Garage Living Business in operation. You may not directly solicit customers outside of your Designated Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You are not permitted to sell any products at wholesale. The boundaries of your Designated Territory will not change during the term of your Franchise Agreement unless you fail to meet the average Gross Revenue requirements described above.

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We and our affiliates may sell products and services under the Proprietary Marks within and outside your Designated Territory through any method of distribution other than a dedicated Garage Living Business, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Designated Territory. We intend to forward all the leads generated from our Website to the Franchised Business closest to the customer. We will own all the leads generated from our Website.

If we choose to establish an on-line store or e-commerce business and if we receive orders for products and/or services placed through our website or other alternative distribution channels, then we or one of our affiliates will fulfill the order and you will not be entitled to any portion of the revenue from this order, even if the order originates from or is delivered to an address within your Designated Territory.

Except for the Businesses owned and operated by our affiliates, we have not established other franchised or company-owned Businesses or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere.

As part of the process of renewing your Franchise Agreement, we reserve the right to re-evaluate your then-existing Designated Territory according to certain demographics, including population and number of households. Since your Designated Territory includes a certain minimum population and number of households, your Designated Territory under the Successor Franchise Agreement will be modified to accommodate shifts and changes in these demographics. Our intent is to make the target demographics of your successor Designated Territory similar to the target demographics of your original Designated Territory. A re-evaluation of your Designated Territory may result in your successor Designated Territory being smaller or larger than your original Designated Territory.

**ITEM 13  
TRADEMARKS**

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your business under the Franchise Agreement. Our Affiliate, Garage Living of Ontario Inc., has registered the following principal marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Proprietary Mark			Registration Date	Registration Number	Register
Garage Living (word mark)			4/5/2016	4,932,779	Principal
Garage Living (logo mark)			4/5/2016	4,932,780	Principal
OPEN UP TO AN ORGANIZED GARAGE (word mark)			3/29/2016	4,927,853	Principal

Our Affiliate intends to file all required documents to maintain its interests in and rights to the Proprietary Marks. We have filed all the required affidavits.

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There are no currently effective determinations of the USPTO, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or in any other state.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks, except for the perpetual, non-cancelable trademark license agreement between us and our Affiliate dated December 4, 2014.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We may defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the Proprietary Marks, you must sign any and all documents and do the acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion, and you must incorporate any changed or substitute proprietary marks at your expense. We will have no obligation or liability to reimburse you for any costs you may incur as a result of any change or substitution.

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

**Patents and Copyrights**

We do not have an ownership interest in any patent or copyright that is material to the franchise. You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary and confidential information that is in our Operations Manual. The Operations Manual is described in Item 11. Although we have not filed an application for copyright registration for the Operations Manual, we claim a copyright and the information in it is proprietary and confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary and confidential information. We are not obligated to take any action, but we will respond to this information as we think appropriate.

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**Confidential Information**

You must not, during the term of your Agreement or after the Agreement expires or is terminated, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of your Franchise Agreement. Confidential information includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of Businesses, the negotiated terms of your Agreement with us, the Operations Manual, graphic designs and other intellectual property, and your customer list. You may divulge this confidential information only to those of your employees who have access to and who operate your Business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Agreement.

At our request, you must have your Designated Operator and any personnel having access to any of our confidential information sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

**Our ownership Rights**

Any improvements and/or techniques and/or information developed by you or your employees during the Term of the Franchise Agreement and relating to the System or the Business, whether developed separately or with us, shall be considered modifications to the System, all of which shall become our property and/or property of our Affiliate.

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

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You must attend and complete our initial training program, and you must devote full time and best efforts to the management and operation of the Franchised Business. If you own multiple Businesses, then each Franchised Business must have on-premises supervision of a Designated Operator who has satisfactorily completed our training program and who has been approved by us. Even if you have a Designated Operator oversee the daily operation of your Business, you must make sure that the Business is operated in compliance with the terms of your Franchise Agreement and the Operations Manual. Your Designated Operator must have a 75% ownership interest in you.

If you have a Designated Operator supervise your Business, the Designated Operator and other key employees must sign an agreement not to compete with businesses under the System while employed by you and for two years after their employment ends, and an agreement not to reveal confidential information they learned during their employment with you.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and must be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. If we do not require one of your owners to sign the full Guaranty, that owner still must comply with all non-monetary obligations, including the covenant not to compete, as if he or she were the franchise owner.

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

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You must use the Business solely for the operation of the Franchised Business. You must keep your Business open and in normal operation for the minimum hours and days as we specify, subject to applicable law. You must not use or permit the use of the Business for any other purpose or activity at any time without first obtaining our written consent. You must operate the Franchised Business in strict conformity with the methods, standards and specifications we may require in the Operations Manual or in writing. You must not change the standards, specifications and procedures without our prior written consent.

You must sell or offer for sale only those products and those services that we have approved for sale in writing; you must sell or offer for sale all types of services and products specified by us; you may not change our standards and specifications without our prior written consent; and you must stop selling and offering for sale any services or products which we may, in our discretion, disapprove in writing at any time. We have the right to change the types of authorized goods and services and there are no limits on our right to make changes.

The System may be periodically supplemented, improved or modified by us. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different Products and Services as specified by us. If you develop products or services for your Business that we believe will benefit the System generally, you must, at our request, assign your rights to these products or services to us.

We may suggest pricing to you for the Products and Services, and we may determine the maximum prices you may charge. You do not have to accept our suggested pricing, but you must comply with any maximum prices we set. If you choose to vary your prices from the pricing structure we suggest, we must approve of the prices you set.

You are restricted by the Franchise Agreement, the Operations Manual and any other practice or custom with respect to the Products and Services which you may offer, which must be approved by us.

For a description of your restrictions on some purchases, see Item 8 of this Disclosure Document. For a description of your restriction on the customers whom you may solicit and service, see Item 12 of this Disclosure Document.

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

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**THE FRANCHISE RELATIONSHIP**

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

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	4	Primary Market – Five years Secondary Market – Two years

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Provision	Article in Franchise Agreement	Summary
b. Renewal or extension of the term	4	If you are in good standing, subject to contractual requirements, you can renew for up to two additional terms of five years each, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchised Business is located.
c. Requirements for franchisee to renew or extend	4	<p>You provide notice, refurbishment or replacement of premises, vehicle and/or equipment, be in compliance with <u>the</u> Franchise Agreement, sign then-current Franchise Agreement, and sign release (subject to state law). We may adjust the boundaries of your Designated Territory upon signing a successor agreement.</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees in the successor agreement will not be greater than the fees that we then impose on similarly situated franchisees with successor agreements.</p>
d. Termination by franchisee	Not applicable	You may seek to terminate your Franchise Agreement on any grounds permitted by state law
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	14	We may terminate the Franchise Agreement if you are in default
g. "Cause" defined – curable defaults	14, 20.11	Failure to make payments to us when due; be in default of any safety standards prescribed by a government agency or us; misuse of the Marks; failure to comply with any of our standards or requirements; suspension of a required license; first or second failure to meet average Gross Revenue requirement. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.

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Provision	Article in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	14, 20.11	Your lease is terminated and you do not relocate the Business; abandonment of the Business; loss or revocation of a required permit or license; falsifying reports; large number of customer complaints; copying software; failure to provide reports when required; unauthorized sale or transfer of the Business; bankruptcy; unsatisfied judgments against you; sexual harassment of your employees; you are charged with or convicted of a crime; repeated defaults; failure to develop and open the Business when required; failure to comply with anti-terrorism laws; third failure to meet average Gross Revenue requirement. In addition, a default under one agreement with us may result in <del>the</del> termination of all of your other agreements with us. This is known as a cross-default provision.
i. Franchisee's obligations on termination/non-renewal	15	Obligations include complete de-identification of premises and vehicle, payment of amounts due, return of Operations Manual and confidential information, comply with non-competition and confidentiality requirements
j. Assignment of contract by franchisor	16	No restriction on our right to transfer
k. "Transfer" by franchisee – defined	16	Includes a transfer of all or substantially all of the assets of your business
l. Franchisor approval of transfer by franchisee	16	We have the right to approve transfers
m. Conditions for franchisor approval of transfer	16	Includes payment of money owed, you are not in default, you sign release (subject to state law), transferee qualifies, transferee signs new agreement, transferee satisfactorily completes training, and payment of the transfer fee
n. Franchisor's right of first refusal to acquire	16	We can match any offer

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Provision	Article in Franchise Agreement	Summary
franchisee's business		
o. Franchisor's option to purchase franchisee's business	15	Upon expiration or termination of the Franchise Agreement, we may buy certain assets
p. Death or disability of franchisee	18	Interest must be transferred, with our approval, within one year after death or disability
q. Non-competition covenants during the term of the franchise	13	Includes prohibition on owning or operating business which sells the same or substantially similar products and services
r. Non-competition covenants after the franchise is terminated or expires	13	Includes prohibition on owning or operating business which sells the same or substantially similar products and services for two years and located within <del>25</del> miles of any unit in the System
s. Modification of the agreement	20	Must be in writing by both parties
t. Integration/merger clause	<del>20.16</del>	Only the terms of the Franchise Agreement are binding (subject to federal and/or state law). Any other promises may not be enforceable
u. Dispute resolution by arbitration or mediation	20	Mediation and arbitration in Delaware (subject to state law)
v. Choice of forum	20	Delaware (subject to state law)
w. Choice of law	20	Delaware (subject to state law)

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**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 or potential financial performance of its franchised and/or franchisor-owned Businesses, 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 business 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.

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This Item contains a historical financial performance representation of our U.S. franchised operations, which opened on December 31, 2024, our fiscal year end.

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As of December 31, 2024, 35 franchise business operations operated 41 U.S. franchise territories in the system, including 2 corporately owned territories operated as 1 franchise business operation.

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The table below represents data for 2024 Average Annual Gross Sales, Average Annual Costs of Goods Sold, Average Annual Gross Profit and Average Labor Costs of 29 franchise business operations that operate 37 territories that had been open and operating for a full 12 months ending December 31, 2024. In 2024, 3 additional franchise operations were open for less than 12 months ending December 31, 2024. We have excluded the performance of 3 non-conforming franchise operations. This data also excludes our franchise operations and our single corporately owned operation in Canada.

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**Financial Performance Representation #1-Average Gross Sales, Average Cost of Goods Sold (COGS), Average Gross Profits and Average Labor Costs**

Category	Financial Performance Representation
Average Gross Sales <sup>1</sup>	\$1,599,240
Average Gross Sales after 2 years <sup>2</sup>	\$1,644,234
Average Cost of Goods Sold <sup>3</sup>	40.95%
Average Labor Costs <sup>4</sup>	24.68%
Average Gross Margin <sup>5</sup>	34.37%
Median Gross Sales	\$1,425,714
Highest Gross Sales	\$3,781,915
Lowest Gross Sales	\$444,432
Average Unit Growth Rate in 2024 <sup>6</sup>	22.00%
System Growth Rate in 2024 <sup>7</sup>	8.2%

Note 1 – “Gross Sales” means the total of all revenues for all goods and services excluding taxes.

Note 2 – “Gross Sales after 2 years” means the average gross sales of operations in the data set that have been in operation for more than 24 months, ending December 31st, 2024. This includes 26 franchise business operations that operate 34 territories

Note 3 – “Cost of Goods Sold” is the total cost of materials, freight, inventory adjustments, use tax, consumables and supplies expensed to provide the products/services resulting in the generation of gross sales. This percentage is a blended average of all product categories sold under the trademark.

Note 4 – “Labor Costs” is the total cost of labor – direct and indirect required to generate gross revenue. This percentage excludes the amount/percentage drawn by the owner of the franchise regardless of their role in the operation.

Note 5 – “Gross Margin” average gross margin is the Average Gross Sales less the Average Cost of Goods Sold and the Labor Costs.

Note 6 – “Average Annual Growth Rate” includes the 25 business operations that were open and operating for a full 12 months in the previous year ending December 31, 2023, excluding 6 units not operating for a full 12 months ending December 31, 2023, and the 4 non-conforming units.

Note 7 – “System Growth Rate in 2024” includes all gross revenue generated by franchisees in the calendar year 2024 compared to all gross revenue generated by franchisees in the calendar year 2023 excluding our Canadian franchisees and Canadian corporately owned operation.

Written substantiation will be made available to you upon reasonable request.

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised Businesses. 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 Business, however, we may provide you with the actual records of that Business. 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 Aaron Cash at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 and (905) 856-7175, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<u>2022</u>	<u>37</u>	<u>41</u>	<u>+4</u>
	<u>2023</u>	<u>41</u>	<u>50</u>	<u>+9</u>
	<u>2024</u>	<u>50</u>	<u>49</u>	<u>-1</u>
Company-Owned*	<u>2022</u>	1	1	0
	<u>2023</u>	1	1	0
	<u>2024</u>	1	<u>3</u>	<u>+2</u>
Total Outlets	<u>2022</u>	<u>38</u>	<u>42</u>	<u>+3</u>
	<u>2023</u>	<u>42</u>	<u>50</u>	<u>+9</u>
	<u>2024</u>	<u>50</u>	51	<u>+1</u>

\* The Company-Owned outlets shown in the above chart include outlets owned and operated by our Affiliate. Our Affiliate opened a second showroom location within its existing territory in 2013.

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2022 to 2024**

State	Year	Number of Transfers
Colorado	<u>2022</u>	<u>1</u>
	2023	0
	<u>2024</u>	<u>0</u>
Florida	<u>2022</u>	<u>0</u>
	2023	1
	<u>2024</u>	0

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State	Year	Number of Transfers
Michigan	2022	0
	2023	0
	2024	0
<b>Total</b>	2022	1
	2023	1
	2024	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arizona	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arkansas	2022	0	1	0	0	0	0	1
	2023	0	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Colorado	2022	1	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Connecticut	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Georgia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

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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
	2024	1	0	0	0	0	0	1
Illinois	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Indiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nebraska	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New York	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Oklahoma	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Ohio	2022	2	0	0	0	0	0	2

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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
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
South Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	4	2	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	2	0	4
Utah	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Washington, DC/Virginia	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
U.S. Subtotal	2022	32	4	0	0	0	0	37
	2023	37	6	0	0	0	0	43
	2024	43	0	0	0	2	0	41
Canada	2022	5	0	0	0	0	1	4
	2023	4	1	0	0	0	0	5
	2024	5	1	0	0	0	0	6
Australia	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Total	2022	37	4	0	0	0	1	41

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State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
South Carolina	0	1	0
Tennessee	0	1	0
<b>Total</b>	<b>0</b>	<b>10</b>	<b>0</b>

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit D to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Garage Living System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Garage Living System.

## ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit F are our audited financial statements in United States dollars for the fiscal years ending December 31, 2022 and December 31, 2023 and December 31, 2024.

Our fiscal year end is December 31<sup>st</sup>.

## ITEM 22 CONTRACTS

The following contracts are attached to this Disclosure Document in the following order:

1. Franchise Agreement with Exhibits – Exhibit C
2. Exhibit G -- Franchisee Acknowledgement Statement, as permitted by state law. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. Form of General Release – Exhibit H

## ITEM 23

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**RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

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**EXHIBIT A**

**AGENCIES/AGENTS FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

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State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 <a href="#">Phone</a>	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, <a href="#">State Capitol, 14<sup>th</sup> Floor, Dept. 414</a> Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box <a href="#">41200</a> <a href="#">98504-1200</a> (360) 902-8760	Director of Washington Financial Institutions Securities Division <a href="#">150 Israel Road, SW</a> Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

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**Exhibit B**

**MULTI-STATE ADDENDUM**  
**TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT(S)**

**CALIFORNIA APPENDIX**

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.
2. 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.).
3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement requires binding arbitration. The arbitration will occur in Delaware with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
11. OUR WEBSITE, [www.garageliving.com](http://www.garageliving.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

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ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

12. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.
13. Franchisee must check the California Code of Regulations to ensure compliance with Title 8 regulations for Spray Coating Operations in residential garages.
14. The interest rate shall not exceed 10% annually.
15. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

16. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

17. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

18. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

19. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

20. Section 20.02 of the Franchise Agreement is deleted in its entirety as it violates California Corporations Code sections 31521 and 31512.1.

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**ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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**In Illinois, payment of Initial Franchise Fees owed to Franchisor/affiliate will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.**

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**ADDENDUM REQUIRED BY THE STATE OF INDIANA**

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's Designated Territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. The appropriate sections of the Franchise Agreement are hereby amended.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

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**ADDENDUM REQUIRED BY THE STATE OF MARYLAND**

This will serve as the State Addendum for the State of Maryland for Garage Living Franchise Systems USA, Inc.'s Franchise Disclosure Document and for its Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "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."

9. Section 20.02 of the Franchise Agreement is hereby deleted.

~~10. The fourth, fifth, sixth and seventh Recitals of the Franchise Agreement are hereby deleted.~~

~~11. The final recital of the Franchise Agreement stating " BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL." is hereby deleted.~~

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12. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of \_\_\_\_\_.

GARAGE LIVING FRANCHISE SYSTEMS USA,  
INC.

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

FRANCHISEE:

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

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**DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:**

(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 thirty (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 five (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 six (6) months' advance notice of franchisor's intent not to renew the franchise.

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

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

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

(i) 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.

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(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.**

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division  
Attn: Katharyn Barron  
525 W. Ottawa Street, 1<sup>st</sup> Floor  
Lansing, Michigan 48933  
(517) 353-7567

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**ADDENDUM REQUIRED BY THE STATE OF MINNESOTA**

This addendum to the Disclosure Document is agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, and effectively amends and revises said Disclosure Document and Franchise Agreement as follows:

1. Item 13 of the Disclosure Document and Section 12 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and Sections 4 and 16 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which 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 and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document and Section 20 of the Franchise Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document and Sections 4 and 16 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Section 20.19 of the Franchise Agreement is hereby modified to be in compliance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Section 20.19 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

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9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement are hereby amended accordingly.

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**ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

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

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

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

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**DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

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**ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA**

This addendum to the Disclosure Document and Franchise Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Sections 4 and 16 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.
2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Section 13 of the Franchise Agreement are amended accordingly.
3. Item 6 and Item 17(i) of the Disclosure Document and Section 15 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.
4. Item 17(u) of the Disclosure Document and Section 20 of the Franchise Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.
5. Item 17(v) of the Disclosure Document and the provisions of Section 20 of the Franchise Agreement which require jurisdiction of courts in Delaware are deleted.
6. Item 17(w) of the Disclosure Document and Section 20 of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.
7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.
8. The provisions of Section 20 of the Franchise Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.
9. The provisions of Section 20 of the Franchise Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

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**ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND**

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

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**ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Garage Living Franchise Systems USA, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

1. The following statement is added to the Special Risks Page:

**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$221,750 to \$305,000. This amount exceeds the franchisor's stockholder's equity as of December 31, 2020, which is \$(31,078).

2. The following statement is added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

3. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, AND RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or 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.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

Any Products and/or Services provided by franchisor and/or any associate of franchisor shall have a price to franchisee marked up at a fair and reasonable amount above cost (Money Mailer, LLC v. Brewer, 449 P.3d 258 (2019)).

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The non-competition covenants shall apply except as follows: (a) if the employee's annual earnings are less than \$100,000 and (b) the duration exceeds 18 months.

Paragraph 6 (Recital) of the Franchise Agreement is hereby amended to delete "or relied upon".

Section 8.01 (p) of the Franchise Agreement is modified by deleting the sentence: "Notwithstanding the foregoing, although you shall pay for such cameras and technology, title to ownership thereof shall remain with us."

Section 15.01 of the Franchise Agreement is modified by deleting "less fifty percent (50%)" from this Section.

Section 16.01 of the Franchise Agreement is modified by deleting "and any new agreement(s) we enter into with the Purchaser, if we so require" from this Section.

Section 18.01 (c) of the Franchise Agreement is modified by deleting "less twenty-five percent (25%)" from this Section.

Clause (b) of Section 20.02 of the Franchise Agreement is hereby deleted.

Section 20.14 of the Franchise Agreement is modified by deleting "(i) your sole and exclusive remedy shall be against the entity then constituting us and the amount of any liability shall be limited to the lesser of the value of our assets located within the state in which the Premises is located, or the amount equal to the amount paid by you on account of the acquisition and initial setting up of the Business" from this Section.

Section 20.20 of the Franchise Agreement is modified by deleting "one hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party;" from this Section.

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

To comply with the NSAA Statement of Policy Regarding the Use of Questionnaires and Acknowledgements, Paragraphs 4 and 5 of the Franchise Agreement do not apply in Washington.

Section 8.04 of the Franchise Agreement is amended to state that: "Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent of fraud."

The parties hereto have duly executed, sealed and delivered this Multi-State Addendum dated this day of \_\_\_\_\_.

GARAGE LIVING FRANCHISE SYSTEMS USA,  
INC.

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
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**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or 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.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

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Any Products and/or Services provided by franchisor and/or any associate of franchisor shall have a price to franchisee marked up at a fair and reasonable amount above cost (Money Mailer, LLC v. Brewer, 449 P.3d 258 (2019)).

The non-competition covenants shall apply except as follows: (a) if the employee's annual earnings are less than \$100,000 and (b) the duration exceeds 18 months.

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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**Deleted:** The parties hereto have duly executed, sealed and delivered this Multi-State Addendum dated this day of \_\_\_\_\_.

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AMENDMENT TO THE GARAGE LIVING FRANCHISE SYSTEMS USA, INC.  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

General Release attached as Attachment 3 to the Franchise Agreement to provide that the release contained therein does not apply to claims that arise under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220.

RCW 19.100.180 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 or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or 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.

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own

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FRANCHISEE: ¶

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**EXHIBIT C-1**  
**FRANCHISE AGREEMENT**

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**GARAGE LIVING**  
UNIT  
FRANCHISE AGREEMENT

BETWEEN

GARAGE LIVING FRANCHISE SYSTEMS USA, INC.  
(Franchisor)

AND

\_\_\_\_\_  
(Franchisee)

AND

\_\_\_\_\_  
(Franchisee)

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## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made as of the day of \_\_\_\_\_, between Garage Living Franchise Systems USA, Inc., a Delaware corporation headquartered at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 (“we” or “us”) and \_\_\_\_\_, with a principal place of business or residence at \_\_\_\_\_ (individually and/or collectively, “you”).

### RECITALS

**WHEREAS**, Garage Living Inc. (the “Owner”) has developed the System providing for the operation of a business specializing in the design and upgrade of garage spaces, including cabinetry, flooring, organizers, lifts, garage doors and related products and services;

**WHEREAS**, we have obtained the right from the Owner within the United States to use and grant others the right to use the System and in association therewith the Mark; and

**WHEREAS**, you are aware of the foregoing and have expressed your desire to obtain the non-exclusive right to use the System and in association therewith the non-exclusive right to use the Mark, subject to the provisions of this Agreement, and we have agreed to grant you such non-exclusive rights, subject to the provisions of this Agreement; and

**WHEREAS**, you have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of your own choosing and represent and warrant that you have the business experience and financial ability to operate a Business; and

**WHEREAS**, you acknowledge that you have read this Agreement and our Franchise Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all Businesses and to protect the goodwill of the Mark; and

**WHEREAS**, we expressly disclaim the making of any warranty or guarantee, express or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that you have not received or relied upon any such warranty or guarantee; and

**WHEREAS**, you acknowledge that you have no knowledge of any representations by us, our officers, directors, shareholders or representatives about the franchise offered hereunder, about us or our franchising programs and policies that are contrary to the statements in our Disclosure Document or to the terms of this Agreement; and

**WHEREAS**, you acknowledge that this Agreement places detailed and substantial obligations on you, including strict adherence to our reasonable present and future requirements regarding facilities, equipment, suppliers, operating procedures, management methods, merchandising strategies, sales promotion programs and related matters. You acknowledge that future improvements, changes and developments in the System may require additional ~~expense~~expenses to be undertaken by you.

**BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL.**

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

## **SECTION 1 DEFINITIONS**

Where used in this Agreement or in any Schedules or amendments, the terms defined in Schedule “A” shall have the meanings so indicated.

## **SECTION 2 GRANT**

Subject to the terms and conditions set forth in this Agreement, we hereby grant to you for the Term the exclusive right to operate from one (1) Premises within the Designated Territory and to carry on the Business therefrom, and in conjunction therewith, the non-exclusive right to use the System and the non-exclusive right to use the Mark. The Premises shall be located at the location identified in Schedule “B” annexed hereto. You shall not carry on any business or other activity from the Premises other than the Business. Provided you are not in default under the provisions of this Agreement, we shall not, directly or indirectly, operate or authorize any other Person to operate a “Garage Living” physical location within the Designated Territory; however, the rights granted to you herein are subject to (a) the average Gross Revenue requirements described in Section 8.07 herein; (b) the reservation of rights set forth in Schedule “G” of this Agreement; and (c) the restrictions respecting your operation of the Business set forth in Schedule “H” of this Agreement.

## **SECTION 3 FEES**

### **3.01 Initial Franchise Fee; Micro-Site Development Fee**

You shall pay to us, upon the execution of this Agreement by you, an initial franchise fee of Sixty Thousand Dollars (\$60,000); the said amount is fully earned by us upon the execution of this Agreement, and is not refundable under any circumstances.

You shall pay to us, upon the execution of this Agreement by you, the Micro-Site Development Fee of Four Thousand Five Hundred Dollars (\$4,500) for the development of your “micro-site” website that will be designed and deployed for your specific franchised territory. This amount is not refundable under any circumstances.

### **3.02 Continuing Fees**

In addition to the initial franchise fee described above, you agree to pay to us the following continuing fees:

(a) A continuing and non-refundable royalty fee equal to six- and one-half percent (6½%) of Gross Revenue. The Royalty Fee is payable by monthly installments or at any other time(s) determined by us. Unless otherwise required, you shall pay each Royalty Fee on or before the fifteenth (15<sup>th</sup>) day of each calendar month based on Gross Revenue for the previous calendar month.

(i) The Royalty Fee, and any other continuing fees payable to us, shall be payable by electronic funds transfer unless we designate another payment method. You agree to execute any documents required by us, our bank and/or your bank to permit us to collect continuing fees and other payments owed to us by electronic funds transfer.

~~(ii) You shall also pay to us an amount equal to all Sales Taxes or other tax on the Royalty Fee; this amount shall be calculated in accordance with applicable legislation and paid at the same time as the amounts to which such Sales Taxes apply are payable.~~

~~(ii) If any withholding, sales, excise, use, privilege or other tax (excepting Franchisor's income tax obligation) ("Tax Charge") is imposed or levied by any government or governmental agency on Franchisor or Franchisee for any fee due and payable under this Agreement, including but not limited to, the Royalty Fee and Brand Fund Contribution (for the purpose of this Section, such fee shall be referred to as a "Taxable Payment"), then Franchisee shall pay Franchisor a sum equal to the amount of the Tax Charge, together with the Taxable Payment, such that the net sum received by Franchisor equals the amount of the Taxable Payment without deduction, withholding, payment or application of the Tax Charge.~~

(iii) If you do not report your Gross Revenue, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Marketing Fee that we debited. If the Royalty Fee and Marketing Fee we debit are less than the Royalty Fee and Marketing Fee you actually owe us, once we have been able to determine your true and correct Gross Revenue, we will debit your account for the balance on ~~the~~ day we specify. If the Royalty Fee and Marketing Fee we debit are greater than the Royalty Fee and Marketing Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

(b) A continuing and non-refundable Marketing Fee in the greater of a fixed amount of One Thousand Two Hundred Dollars (\$1,200) or an amount equal to two percent (2%) of Gross Revenue for a Primary Market and a fixed amount of One Thousand Four Hundred Dollars for a Secondary Market, payable at the same time and in the same manner as the Royalty Fee. You understand and acknowledge that upon thirty (30) days' ~~prior~~ written notice prior to you, we may increase the Marketing Fee to a maximum of three percent (3%) of Gross Revenue.

(c) If we elect to establish a Call Center and we determine that participation in the Call Center is mandatory for all Garage Living Businesses, you agree to pay to us a fee related to use of the Call Center in an amount to be determined by us in our discretion.

### **3.03 Interest on Overdue Amounts**

All amounts payable by you pursuant to this Agreement shall be paid without any demand, set-off, abatement or deduction whatsoever. If you fail to pay any amounts payable pursuant to this Agreement and any agreements entered into pursuant hereto, any unpaid amounts shall bear interest at a rate of fifteen percent (15%) per annum, calculated monthly in arrears, from the date such payment was payable until repayment in full, before and after default and judgment. You acknowledge that this Section 3.03 shall not constitute our agreement to accept such payments after same are due or a commitment by us to extend credit to or otherwise finance your Business. You shall also pay any applicable collection costs, including, but not limited to, attorneys' fees, court costs and collection firm fees, related to the collection of any overdue amount. Further, you acknowledge that your failure to pay all amounts when due shall constitute grounds for termination of this Agreement, notwithstanding this Section.

## **SECTION 4 TERM AND SUCCESSOR OPTION**

#### 4.01 Term of Agreement

Unless otherwise terminated by us prior to the period set forth hereafter, this Agreement shall commence on the date of this Agreement and shall expire on the close of business on the last day of the fifth (5th) year following the date Franchisee had opened the Business in accordance with Section 5.02.

#### 4.02 Successor Option

You shall have the right to enter into a new franchise agreement and other agreements and legal instruments and documents then customarily employed by Us in the form then generally being offered to prospective franchisees in the state in which the Business is located (the "Successor Franchise Agreement") for up to two (2) additional terms of five (5) years each. Such successor terms shall be subject to each of the following conditions being complied with prior to the end of the Term or the end of the period of the first successor term, as the case may be:

(a) you must give us, not more than twelve (12) months and not less than nine (9) months before the end of the Term and before the end of the period of the first successor term, as the case may be, written notice of your intention to enter into a successor term with us;

(b) within thirty (30) days of delivery of your notice, you must execute and deliver to us our then current form of franchise agreement which may include, among other things, provisions substantially different from those set forth in this Agreement and the franchise agreement covering the period of the first successor term, as the case may be (including without limitation, higher fees and costs);

(c) you shall not, at the time your notice is given or at the end of the Term or at the end of the first successor term, as the case may be, be in default of any provisions of this Agreement or the franchise agreement covering the period of the first successor term, as the case may be;

(d) you must have the right to continue to occupy the Premises for each of the five (5) year periods of the successor terms, or you must have located another location from which to operate the Business upon which we agree and which is located within the Designated Territory;

(e) if you are to remain in the Premises, you must complete such repairs and renovations to the Premises and acquire such new equipment, service vehicles, and/or Computer Hardware and Software as may be required by us in order to conform to our then current standards. If you are relocating the Business to another location of which we have approved, you must have commenced to complete the improvements to the relocated premises to our then current standards. In each case, you understand and acknowledge that such costs with respect thereto may be substantial;

(f) you must pay our reasonable legal fees and disbursements;

(g) you must attend and successfully complete prior to the expiry of the Term or the period of the first successor term, as the case may be, any further training program required by us;

(h) you shall provide us with a form of general release in such form as we shall determine, releasing us and our Associates and our and their officers, directors shareholders, employees and representatives from all liabilities, damages, losses, suits, claims, demands and costs which have been or may be incurred by you, in respect of any matters arising out of this Agreement and the franchise agreement covering the period of the first successor term, as the case may be; and

(i) as part of the process of entering into a Successor Franchise Agreement, we reserve the right to re-evaluate your then-existing Designated Territory according to certain demographics, including population and number of households. Since your Designated Territory includes a certain minimum population and number of households, your Designated Territory under the Successor Franchise Agreement will be modified to accommodate shifts and changes in these demographics. Our intent is to make the target demographics of your successor Designated Territory similar to the target demographics of your original Designated Territory. A re-evaluation of your Designated Territory may result in your successor Designated Territory being smaller or larger than your original Designated Territory. We cannot guarantee that you will achieve any particular level of success with the successor Designated Territory or that your results will be the same as or similar to your results from operating in the original Designated Territory. Notwithstanding anything herein to the contrary, we reserve the right not to enter into a successor franchise agreement for your franchise as a result of a decision to withdraw from a marketing area or the Designated Territory in which your Business is located.

If the foregoing conditions have not been complied with, notwithstanding the exercise of your right, your right for a successor term and notice shall be null and void and of no further force or effect.

#### **4.03 Refusal to Grant Successor Term**

We can refuse to grant a successor term for your franchise under circumstances that include, but are not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

#### **4.04 Successor Term Under Law**

Even though we decline to grant you a successor term for your franchise, it is possible that we can be required to grant you a successor term under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your successor term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the successor term begins. If we are not then offering new franchises, your successor term will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the successor term will be governed by the terms of this Agreement.

#### **4.05 Your Election Not to Sign a Successor Franchise Agreement**

For the purposes hereof, you shall be deemed to have irrevocably elected not to sign a Successor Franchise Agreement hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Successor Franchise Agreement and other ancillary documents required by us for a successor franchise, together with reimbursement of our legal fees and disbursements, within thirty (30) days after we have delivered them to you.

### **SECTION 5 LOCATION; DEVELOPMENT OF THE PREMISES**

#### **5.01 Location for Business**

You are responsible to locate and lease the Premises from which you are to operate and carry on the Business. If requested by you, we will provide you with our input as to the suitability of the Premises; however, the decision to lease such Premises at the location you choose and the terms upon which you choose to lease the Premises including rental and other payments is your sole decision and neither we nor

any representatives shall be responsible in any manner for your choice or the terms upon which you choose to lease the Premises; any input we may provide is strictly in an advisory capacity. Notwithstanding the foregoing however, you do require our prior written approval to the location of the Premises and if we do not approve of such location, you shall not enter into any Lease arrangement for such location. You must pay all rental and other occupancy costs and comply with all obligations under the Lease.

Within sixty (60) days after you sign this Agreement, you must submit to us the information we require to evaluate your proposed site. In evaluating a site we may consider the factors we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition within the area, rental obligations, and the site's size, appearance and other physical characteristics. We will have thirty (30) days after ~~receipt of receiving~~ all of the information we need to advise you whether the site is approved. Unless we provide our specific approval of a site, the site is deemed not approved. Our approval of your site is not a warranty or guarantee that you will be successful at that site. Our approval only indicates that the site meets our then-current minimum criteria for a Garage Living Business. If you are not able to locate a site within sixty (60) days after you sign this Agreement, we may either provide you with an extension of this timeframe or we may terminate this Agreement.

## **5.02 Development of the Premises; Opening**

You are responsible at your cost to construct, fixture, equip, furnish and otherwise complete the Premises from which you are to conduct the Business; in this regard, you shall follow the guidelines, specifications and standards required by us. We shall provide you with the Design Plan and you comply with the specific design and construct, equip, furnish and otherwise complete the Premises following the Design Plan and the layout thereof (including colors and materials and minimum plumbing, electrical, mechanical and other utility requirements) of the Design Plan. Using our template Design Plan, you shall engage an architect and/or design professional to prepare construction plans suitable for the size and layout of the Premises for the build-out of your Business. We reserve the right to designate the architect and/or design professional that you must use. Prior to your commencing to construct the Premises, you shall submit your specific design to us for our approval, setting forth the layout (including colors and materials) you intend to use. You shall not commence any construction until we have approved in writing of your design. You understand and acknowledge that our approval of your construction plans only indicates our approval that our specifications for design and presentation of the Mark have been met. Our approval is not intended in any manner to designate compliance with any applicable laws, ordinances or building codes. You are responsible ~~to comply for complying~~ with all governmental and other laws, rules and regulations respecting construction of the Premises, including you are responsible ~~to determine for determining~~ that the use of the Premises is in compliance with the applicable zoning requirements of the Business. We shall have the right, without notice, to attend the Premises and examine the manner in which construction, fixturing, equipping, furnishing and other completion of the Premises is being carried out. You shall correct any deficiencies or items of non-compliance required by us, forthwith upon notice to you. Our determination shall be final and binding on you with respect to all matters regarding any work carried out by you at the Premises including, without limitation, the state of completion of the work, whether or not the work was completed in a good and workmanlike manner and in accordance with our guidelines, specifications, standards and the approved design. You shall not open the Premises to the public for business until you receive our prior written approval to do so.

You are also aware that if for any reason you have not located and completed the improvements to the Premises and opened the Business to the public for business within a period of six (6) months of the date of this Agreement or within such extended period of time we may agree to, this is an event of default of your franchise obligation which can lead to termination of this Agreement.

### **5.03 Indemnification**

You agree that we, our Associates and our and their officers, directors, shareholders, employees and representatives have no responsibility nor do we or they make or give any representations, warranties, promises, commitments, covenants or guarantees (oral or written) of any kind to you or to any other Persons as to the costs which may be incurred by you to design, construct, fixture, equip and otherwise complete the improvements to the Premises. Under no circumstances shall we, any Associate and our and their officers, directors, shareholders, employees and representatives be responsible for or have any liability with respect to the design, construction, equipping, furnishing or other completion of the Premises including where changes may be required to be made from the approved design for any reason, or where costs change because of changes to the design plans or where disruptions occur in the carrying out of any work, or where the Business to be carried on at the Premises does not comply with applicable zoning or other laws, rules and regulations.

### **5.04 No Modifications to the Premises Without Our Approval**

After the initial opening of the Business to the public, you shall not make any modifications, additions or other alterations to the Premises or acquire any new equipment, trade fixtures, fixtures or furnishings, without our prior written approval.

### **5.05 Relocation**

If for any reason during the Term, and provided you are not in default of any provisions of this Agreement or in default of any of your obligations under the Lease, you may relocate the Premises to another location within the Designated Territory if first approved of by us in writing. You must relocate and commence business from the new location within four (4) months of your receipt of our approval of your relocation request. You are responsible to pay all costs of such relocation as well as you must comply with the provisions of this Section 5 set forth above as if you were initially opening your Premises for the first time. If we permit you to relocate your Business we reserve the right to require you to sign a new franchise agreement (with a term equal to the remaining term under this Agreement), but you will not have to pay a new initial franchise fee.

## **SECTION 6 TRAINING**

### **6.01 Initial Training Program**

Prior to your initial opening of the Business to the public, we shall provide to the Designated Operator and up to two (2) of your other employees, for a maximum of three (3) trainees, an initial training program of such duration as we deem necessary, covering the various aspects of the System, at such location(s) determined by us. The period of time the Designated Operator and such employees will train will vary depending upon the function to be performed by each such individual. Although we shall have the right to change same, you should be aware it is intended that the initial training program to be taken by the Designated Operator will cover a period up to three (3) weeks, which includes approximately two (2) weeks of training at our headquarters, an operating Garage Living Business or another location designated by us and one (1) week of on-site training at the Premises immediately before your Business opens. If you request that we provide our training program to additional trainees, either initially or during the term of this Agreement, you agree to pay our then-current training fee for each additional trainee. You understand and acknowledge that the training fee may vary depending on the job functions of the individual being trained.

The Designated Operator must successfully complete his or her initial training program to our satisfaction. Any determination as to whether or not the initial training program has been successfully completed shall be within our sole discretion; without limiting any other basis upon which we shall make such determination, we will consider factors such as, by way of example, how you relate to and work with us and our staff, how you are able to communicate and work with employees and customers, how you are able to grasp our methods of operation and use of our technology, whether or not you attend all training, and how you complete any tests we may give you. If an employee does not successfully complete his or her initial training, such individual shall at our discretion repeat such training until same is successfully completed or you shall dismiss such employee from your employment; if such is the case, you shall be responsible to meet all employment responsibilities to such employees at your cost; we do not have any liability to you or your employees as a result of any termination of employment or otherwise. There is no training fee for the Designated Operator and up to two (2) of your employees who attend the initial training program but you shall be responsible to pay all transportation, accommodation and meal costs of such training; in addition, you shall be responsible to pay the employees a reasonable salary during such period that the employees attend training. Training shall be held at such location(s) we specify. You shall not be entitled to open the Business to the public unless the Designated Operator has successfully completed the initial training program.

## **6.02 Failure of the Designated Operator to Complete Training Program**

If for any reason the Designated Operator does not successfully complete the initial training program to our satisfaction, we shall permit the Designated Operator to re-take the initial training program, at your expense including payment of our then-current training fee. If the Designated Operator does not successfully complete the initial training program a second time, we shall have the right, without prior notice to you, to terminate this Agreement and all agreements entered into pursuant hereto, and in such event the following provisions shall apply:

(a) except for the provisions set forth in subsection (b) below, this Agreement and all rights granted you hereunder as well as all agreements entered into pursuant to this Agreement, shall be null and void and of no further force or effect;

(b) you shall continue to be responsible subsequent to termination to comply with all of the provisions of Section 8.01(b) respecting our ownership of the Manual and your maintaining the confidentiality thereof, Section 8.01(p) respecting ownership of cameras, technology and information so generated, Section 8.01I respecting our ownership of the telephone lines and telecommunication systems and your obligation to pay for same, Section 8.01(bb) respecting web-sites, Section 8.01(dd) respecting advising us of legal actions, Section 8.01(ee) respecting the giving of interviews, Section 8.01(ff) respecting de-identifying the Premises and business vehicle, Section 8.04 respecting the indemnity, Section 8.05 respecting ownership of the copyright, Section 9 respecting our ownership and other rights respecting the Software, access to the Computer Hardware and Software, and you not using or disclosing any data or information generated therefrom, Section 12 respecting our ownership of the Marks including specifically subsections (a) through (g) inclusive and subsection (o) as well as the last paragraph thereof, Sections 13.02 respecting non-competition, 13.03 respecting the Manual and confidentiality, 13.04 respecting improvements to the System, 13.05 respecting not using or duplicating the System, 13.06 respecting reasonableness of non-competition and non-disclosure provisions, Section 15.01(a) through (d) inclusive respecting loss on rights of termination, Sections 20.02 respecting no representations, 20.03 respecting independent contractors, 20.04 respecting joint and several obligations, 20.05 respecting separate provisions, 20.07 respecting applicable laws, 20.08 respecting time of essence, 20.09 respecting waiver, 20.10 respecting right to sell interest, 20.11 respecting cross default, 20.12 respecting no exclusive remedies, 20.15 respecting limited liability, 20.16 respecting entire agreement, 20.17 respecting no amendment, and Sections 21.01 respecting consents as we determine, 21.02 respecting no liability of

our Associates, as well as such of your other obligations under this Agreement which by their nature would survive termination;

(c) except for the provisions set forth in subsection (b) above, we and you release each other and you release our Associates and our and their officers, directors, shareholders, employees and representatives, from all claims, losses, liabilities, actions, damages and costs of any kind which have been or may be suffered or incurred by any of the Persons referred to above in respect of any matters arising out of this Agreement and the termination thereof.

In the event of any conflict between the specific provisions of this Section 6.02 and Section 14, the provisions of this Section 6.02 shall apply.

### **6.03 Replacement Designated Operator and Employees**

Subsequent to your initial opening of the Business to the public, no new or replacement Designated Operator shall work in the Business unless first approved by us in writing and unless such individual has successfully completed to our satisfaction our initial training program; in such circumstance, our then-current training fee will be payable by you to have the Designated Operator trained. As for any employee you wish to take training subsequent to completion by you of your initial training program, if agreed to by us, we will conduct a training program for such employee for such period we determine, taking into account the function of such employee; our then-current training fee will be payable by you for each employee taking training. Payment shall be made prior to the commencement of training. Training shall take place at such location(s) we determine, and you shall pay all transportation, accommodation and meal costs of such individual and/or employee to attend training.

### **6.04 Additional or Refresher Training; Franchisee Meetings**

In addition to the initial training program, the Designated Operator and such other of your employees whom we believe will benefit shall attend such further training, development and other programs, or a franchisee meeting, which may be conducted by us from time to time; in this circumstance, no fee shall be payable, the program will take place at such location(s) we determine and you shall pay all transportation, accommodation and meal costs and applicable wages for the Designated Operator and your employees to attend the program. You agree that you recognize that attendance at these programs as well as any franchisee meeting is significant to your operation of the Business, in light of among other things, that information plays a key role in the ability of Persons to have the opportunity to be successful in any business in today's economic environment.

### **6.05 Additional On-Site Assistance or Training**

In the event that you request additional training or assistance on-site at your Premises, or if we determine that such additional on-site training or assistance is necessary due to the performance of your Business, you agree to pay to us our then-current per diem fee for each trainer we send to your Premises to provide such additional training or assistance, and you agree to reimburse each trainer's expenses while providing such additional on-site training or assistance including, without limitation, travel, lodging and meals.

## **SECTION 7 CONSULTATION**

### **7.01 Consultation; Inspections**

We shall periodically advise and consult with you in connection with the operation of the Business. We and our representatives may, at any time without prior notice to you, inspect the Premises, take an inventory of the Products, and otherwise examine the manner in which the Business is being conducted to determine if the Business is being operated in accordance with the System and if you are otherwise complying with your obligations under this Agreement. You and your employees shall cooperate fully. We and our representatives are not liable for any detriment incurred or loss suffered by you as a result of any actions taken by you based upon any advice or consultation.

### **7.02 Management Rights**

Notwithstanding anything otherwise contained in this Agreement and without limiting any rights or remedies to which we may be entitled, if in our sole judgment we determine you are not conducting the Business in accordance with the requirements of the System and as a result the Business is being affected detrimentally (whether financially, standards of quality are not being maintained or otherwise), we shall have the right but not the obligation, at your cost, to send a representative to remain at the Premises and manage the Business on your behalf. In consideration therefor, we may charge a reasonable fee and be reimbursed for all out-of-pocket expenses; any such amounts must be paid by you forthwith upon receipt of invoice or at our option, we may deduct such amounts from the receipts of the Business.

## **SECTION 8 COMPLIANCE**

### **8.01 Your Obligations**

You shall at your cost, throughout the Term, comply with all of your obligations under this Agreement including without limitation, all aspects of the System as determined by us. Without limiting the foregoing, you agree at your cost to do and/or perform the following:

(a) You shall operate the Business in strict compliance with our standards and policies. You agree we have the right to set and change such standards and policies as we determine. You agree that it is imperative the standards of quality and uniformity of the System be maintained; accordingly, you agree that we have the right to set standards and to make policies and rules in respect of the System and to add to, change or modify same at any time during the Term. You agree to abide by any such standards, policies and rules as well as any additions, changes or modifications thereto.

(b) You shall conduct the Business in accordance with the provisions of the Manual. The Manual remains our property and is given to you on loan during the Term. You must not deviate from the provisions of the Manual. We may add to, subtract from or change the provisions of the Manual in our discretion. The provisions of the Manual constitute terms of this Agreement as if fully set out herein. You must at all times maintain the confidentiality of the Manual. You agree you have not had any part in the formulation, creation or development of the System nor do you have any ownership, property or other rights or claims whatsoever in or to any element of the System, the Marks or the Manual or matters dealt with in the Manual.

(c) You shall comply with all federal, state, municipal and other governmental laws, regulations and rules applicable to the Business and/or the System including, without limitation, all privacy laws and environmental laws and programs applicable to the Business and/or the System, whether instituted by any federal, provincial, municipal or other governmental authority, such as any garbage disposal, environmental, energy saving and other consumption type programs. In addition, you shall

comply, and shall assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement. With respect to any fees or other costs which may be payable on account of the foregoing compliance requirements, if you are billed separately and directly by the applicable governmental authority, you shall pay such account directly as required; however, if we are billed in bulk on account of such program(s) for our franchisees' businesses and/or the System, we shall reasonably allocate your portion thereof and you shall pay and/or reimburse us such allocated amount forthwith upon receipt of invoice. You shall provide us with evidence of any direct payment made by you forthwith upon our request.

(d) You shall pay all outstanding amounts payable in connection with the Business when same shall be payable.

(e) You shall carry on the Business under your own name as an independent operator of such Business, and enter into all contracts, banking arrangements and other agreements in your own name. All written business material shall state that you are an authorized user of the Marks which are owned by the Owner. Other than for checks which may be provided by your bank, you shall acquire and use in the Business only the written materials required by us, and all such written materials including without limitation, all stationery, business cards and business forms shall be purchased only from us and/or such supplier we may designate.

(f) Prior to opening your Business, you must obtain the following insurance coverage under policies of insurance issued by carriers approved by us: (1) comprehensive general liability insurance with a minimum coverage of Five Million Dollars (\$5,000,000) per occurrence; (2) worker's compensation and employers liability insurance as required by applicable state law; (3) automobile liability insurance with a minimum of One Million Dollars (\$1,000,000) per occurrence for any vehicles used with the Franchised Business; (4) third party liability insurance with a minimum coverage of One Million Dollars (\$1,000,000); (5) property insurance for the Premises at one hundred percent (100%) replacement coverage; (6) any other insurance required by the terms of your Lease; and (7) any other insurance that you must have according to your state's laws and/or regulations. You must also obtain any additional insurance ~~coverages~~coverage that we may require in the future. You must obtain a Certificate of Insurance evidencing that you have obtained the types and amounts of insurance that we require, and this Certificate must be forwarded to us. You may not begin operating your Business until you have provided a satisfactory Certificate of Insurance. Please confirm these policy amounts are reasonable within various states.

(i) You must maintain all required policies in force during the entire Term and any successor terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us and the Owner (and, if we request, our respective directors, employees or shareholders) as additional insureds and must provide us with thirty (30) days' advance written notice of any material modification, cancellation or expiration of the policy. If you fail to obtain the insurance

~~coverages~~coverage that we require, we may (but are not obligated to) obtain coverage on your behalf. You must reimburse any costs we incur related to obtaining insurance coverage for you, plus a ten percent (10%) administrative fee.

(g) You shall open the Premises for business during such days and hours as required by us, subject to the terms of the Lease and/or applicable governmental laws.

(h) You shall give prompt, courteous, and efficient service to customers, deal with all complaints in a timely professional manner and adhere to the highest standards of honesty, integrity and ethical conduct in dealings with any Persons in respect of the Business; and you shall maintain a good working relationship with the Landlord, all suppliers of Products and Services and other Persons having dealings with you in respect of the Business.

(i) You shall honor all credit and debit card services we require or otherwise approve.

(j) You shall devote full time, attention and efforts to the Business. If we permit you to have a manager oversee the daily operation of the Business, you understand and agree that you shall nevertheless be responsible for and shall ensure that the Business is operated according to the terms of this Agreement and the Manual.

(k) You shall employ a sufficient number of trained employees to operate the Business. The employees must maintain a clean cut and neat appearance and you and all employees must wear the full uniform designated by us including, without limitation, shirts and pants. All employees shall be employed by you and shall not be deemed in any manner or for any purposes to be our employees; your employees shall be under your exclusive order, direction and control. You shall comply with all laws, rules and regulations of any governmental or other authority applicable to employees and employment matters including, without limitation, ~~pay~~paying all required contributions, and comply with unemployment insurance, health insurance, worker's compensation, employee benefits and withholding tax obligations.

(l) You shall maintain a smoke free environment within the Premises and not smoke or allow employees or any individuals to smoke within the Premises, and you shall display any non-smoking signs within the Premises we designate. These non-smoking provisions and requirements shall also be applicable to all job sites at which your Business provides the Products and Services.

(m) You shall record all sales of Products and Services at the time of the sale and in the presence of the customer.

(n) You shall display within the Premises the decorations and other displays we designate; you shall not allow to be displayed any decorations or other displays anywhere within the Premises unless otherwise first approved by us in writing; and any decorations or displays so allowed shall be of ~~an~~elegant, first-class nature. If we establish décor and/or display guidelines, you shall comply with all such guidelines, and not display or otherwise allow to be displayed anywhere within the Premises any signs, posters, advertising or promotional materials, artwork or any other written materials, anywhere on the exterior or within the interior of the Premises without our prior written consent.

(o) You shall install and pay for all telephone lines and other telecommunication systems and services required by us for use in the Business and the costs required for the operation and upkeep of such lines and services. If required by us, you must list in a group listing with our other franchisees using the Mark and operating in your regional area (as designated by us) the telephone

number of your Premises in the applicable hard copy or internet directories, and in this regard you shall pay all costs applicable to your listings. These listings shall be dealt with as determined by us. You agree that all telephone lines and listings for the Business shall be owned by us (and if required registered in our name) but notwithstanding same, you must pay all costs associated with such lines and listings. All listings shall be in the format designated by us. Upon our request, you shall execute such form(s) and documents as we deem necessary, including but not limited to Schedule "M", to appoint us as your true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to us, your telephone numbers and listings; and provide us with passwords and administrator rights for all email, software, social media, or other such accounts used or created by you in order to operate the Business. Upon the expiration or termination of this Agreement, we may exercise our authority, pursuant to such documents, to obtain any and all of your rights to the telephone numbers of the Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Business.

(p) If required by us, you shall allow us to install video cameras and/or other forms of technology in and around the Premises to monitor and review all aspects of the Business. You shall provide us and our representatives, and we and our representatives are hereby irrevocably authorized by you at all times (both during regular business hours and thereafter) without notice, to full access to the Premises in order to access the cameras and other technology, and we and such representatives may remove all information generated therefrom in our discretion. Notwithstanding the foregoing, although you shall pay for such cameras and technology, title to ownership thereof shall remain with us.

(q) You shall follow our methods and requirements in selling the Products and providing the Services and you shall use and sell only Products and offer only Services authorized by us. You shall follow all operational guidelines required by us including that you shall discontinue use of any Products and Services upon receiving written from us to do so.

(r) You shall follow our methods and requirements regarding (i) the buying, displaying, storing and selling of Products, and (ii) the delivery of Services. You shall sell only such Products and provide only such Services as we may authorize. You understand and acknowledge that we shall have the right, at any time, to modify the Products and Services your Business is authorized to offer and that there are no limitations on our right to make such changes.

(s) You shall purchase all Products and/or Services to be sold to the public and otherwise used in ~~the~~ Business only (i) from us, or an approved Associate, or (ii) from suppliers who are designated or otherwise authorized and approved by us in writing. Purchases made directly from us or an Associate must be paid for on delivery or otherwise on agreed upon terms. You shall forthwith comply with all of our directives regarding any suppliers including if required, you must provide us with duplicate copies of all of your purchase orders and you must cease business dealings with any supplier we require, immediately upon our direction. You agree that if any volume discounts, rebates, allowances, co-ordination fees and other benefits of any kind are given (whether directly or indirectly) in respect of the System, or our or any Associate's business or your Business (including your purchases of Products and/or Services), whether to us, an Associate, you, or any of our other franchisees, we and such Associate shall be entitled to retain fully all such volume discounts, rebates, allowances, co-ordination fees and benefits solely for our and the Associate's own account. You acknowledge that you are also aware that any Products and/or Services provided by us and/or any Associate will have a price to you marked up above cost, and you agree that we and such Associate shall be entitled to mark up such Products and/or Services above cost so as to make a profit and maintain such profit for our and such Associate's own account. If you use, sell or otherwise deal with any Products and/or Services not designated or authorized and approved by us, we shall be entitled, without any notice and without being guilty of trespass, tort or

otherwise, to enter the Premises and remove the unauthorized or unapproved items without any obligation to pay or otherwise reimburse you for any cost. You agree that if you do not make any payments for Products and/or Services to us and any Associate as and when required, or if we and any Associate give you credit terms for payment or set a maximum amount of credit for you and such payment terms are not complied with or such maximum credit amount is exceeded, we and such Associate shall not be required to deliver any further Products and/or Services to you and we and such Associate shall not be responsible or liable for any losses, damages or other costs whatsoever which you may suffer or incur as a result of such actions.

(t) You shall, whenever reasonably possible, offer the Products and Services for sale to the public at such prices we may reasonably suggest from time to time, and we reserve the right to determine the maximum prices at which you may sell the Products and Services. You are not under any obligation to accept such suggested prices, and you will not suffer in your business relations with us if you do not offer the Products and Services for sale at the suggested prices, but you must comply with any maximum prices we set, if we choose to set a maximum. If you choose to vary the prices at which you offer Products and/or Services from those suggested by us, you shall advise us of this and prior to making any pricing changes, you shall meet with us so that we and you can evaluate your circumstances to determine with you what range of prices would appear to best work for you, the economic impact thereof to you, and in order to possibly maximize your business possibilities; however, subject to any maximum pricing policy as set out above, the final pricing policy shall be your decision.

(u) You shall display and sell in the Premises only those Products and offer only those Services designated or approved by us in writing, and refrain from selling any Products or offering any Services we advise are not, or are no longer, designated or approved by us. You shall follow all the merchandising and marketing guidelines required by us.

(v) You shall participate in all marketing and sales programs, promotions and events within your participating region (as such region is designated by us) required by us; for example, but without limitation, you shall participate in and honor all marketing cards, coupons, gift certificates, any Internet, web-based, social media and other like activities authorized by us, whether or not same are generated from your Business or our or another franchisee's business. You agree that these marketing and sales programs, promotions and events may vary from region to region and all other of our franchisees using the System shall not necessarily be required to participate in the programs, promotions and events in which you are required to participate.

(w) You shall participate in the introduction of all new lines of Products and Services and the promotions thereof we require.

(x) You shall use only signage, advertising displays and other forms of in-house advertising and promotion required or otherwise first approved by us in writing and no other.

(y) You shall maintain the design, condition and appearance of the Premises in a first class condition and repair and renovate the Premises to current standards when required by us; you shall maintain all equipment used in the Business in good working order and repair, and replace obsolete and lost equipment as required; and you shall acquire such new equipment we require in order, among other things, to maintain the quality of your Business and the Products and Services in connection therewith, and keep current with present day practices. Notwithstanding the generality of the foregoing, you understand and acknowledge that upon our request, which shall not occur more frequently than every five (5) years, you shall update the trade dress for your Business including, without limitation, refurbishing, remodeling and/or redecorating the Premises, and updating and/or replacing the lettering, signage and/or vehicle wrap for your vehicles, at your sole cost and expense.

(z) You shall allow us and our representatives to attend and remain at the Premises, without prior notice to you, to observe how you are carrying on the Business, including your methods in selling the Products and the Services. If we or our representatives determine you are not following the System, you shall forthwith take any corrective steps we or our representatives so advise you which may include, without limitation, that you shall receive additional remedial training on-site at your Premises and at your expense. You shall cooperate fully with us and any representatives any time we and our representatives attend at the Premises.

(aa) You shall attend all franchise meetings held by us. If you are subject to a notice of default, we may prevent you from attending any meeting conducted by us, as well as serving on any committee organized by us, and if you are in default under your obligations to us and you are a member of any such committee, you may be suspended therefrom until any outstanding default is cured.

(bb) You shall not register, create or operate a web-site, internet domain name or otherwise be involved in any internet or other computer activity which involves you, us, the System, the sale of Products or Services, the Marks or the Business without our prior written approval; we shall have the sole authority to conduct any such activities. As described in Section 11.08 below, we shall provide you with a “micro-site” website for your Business.

(cc) You shall not conduct any media interviews nor conduct any activity or make comment on any global communication network including the Internet nor any web-site nor social media outlet or venue which relates to us, you, the Premises, the System, the Products or Services, the Marks or the Business or otherwise, without our prior written approval; you understand and acknowledge that we shall have sole authority to conduct any of the foregoing activities. In addition, you shall not establish any website or register any domain name or URL address without our prior written approval nor shall you conduct any social media activity on any site (such as by way of example, on Facebook, Twitter or LinkedIn) in respect of us, your participation in the Business, the Premises, the System, the Products or Services or the Marks. If we approve of the creation and maintenance by you of a social media site, all content and dealings with same shall be subject to the same requirements set forth in Section 11.03 of this Agreement as if same was a form of local marketing.

(dd) You shall notify us in writing of the commencement of any suit, action or other proceeding threatened or taken against or by you in any way connected with the Business, immediately upon same coming to your attention.

(ee) You shall maintain a list of the names, addresses, and contact information of customers you deal with, and you shall provide us with a copy of such a list. Such a list of customers shall be our property and shall be loaned by us to you solely for use by you during the period of your operation of the Business. In addition, you shall obtain the consent of each customer for us to contact such ~~customer~~customers, including the right to visit the property of such customer where you carried out any work.

(ff) You shall acquire one (1) or more motor vehicles for use in the Business capable of carrying out the functions required for the Business, of such type as recommended or required by us as set forth in the Manual. If you are acquiring a pre-owned vehicle, the vehicle must not be more than three (3) years old and must not have any visible body damage or rust, and you must provide us with pictures and other suitable evidence including a pre-viewing in order that we can determine the appearance thereof meets our standards. The vehicle, whether you are acquiring a motor vehicle or using a motor vehicle that we have approved, must be of such color and outfitted with such signage, designs and logos as we shall determine including if required, you must outfit the vehicle with what is commonly referred to as a

“wrap-around”/vehicle wrap in the manner required by us; you must maintain the vehicle in good condition, repair and appearance and any obviously visible dents thereto shall be repaired forthwith; you must obey the laws relating to motor vehicles and the operation thereof and you must operate the vehicle in a safe manner and be courteous to other drivers.

You recognize that variations and additions to the System may be required from time to time. Accordingly, we reserve the right to add to, subtract from, or change the System or any part thereof at any time during the Term. You shall, at your cost, promptly comply with any such additions, subtractions, or changes. In addition, we may from time to time allow certain franchisees to depart from normal System standards and routines in certain respects in order to experiment with or test new products or services, equipment, designs, procedures and the like. In no event shall such variance, or such testing, be deemed a waiver of any of our rights, or an excuse from the performance of any of your duties hereunder. We may at any time require you to commence full compliance with all of our standards and procedures. We shall not under any circumstances be required to grant any variance to you.

Should you, or anyone affiliated with you, develop any innovations, ideas, products or discoveries related to Garage Living Businesses or any of the concepts, Products or anything else associated with them, you shall advise us promptly of the innovation, idea, product or discovery. We have sole discretion over the decision to implement such innovation, idea, product or discovery. You shall not use such innovation, ~~idea, product~~ideas, products or discovery without our prior authorization. All innovations, ideas, products and discoveries developed or used in connection with the System or with the Businesses become our property, whether developed by us, by you, an affiliate of yours, or any other franchisee, and the developer shall assign such innovation, idea, product and/or discovery to us. We shall not be obligated to provide payment or reward to you, any affiliate of yours or any franchisee in the System if any innovation, idea, product or discovery is developed by any such person, whether or not implemented into the System.

## **8.02 Customer Service Policy**

You acknowledge that we have a “customer is always right” policy. You agree to abide by this policy and deal with customers in a cordial, professional manner when a customer lodges a complaint directly with you and you shall provide us with immediate written notice of any customer complaints. If we determine you have not dealt with the customer in a manner that meets our expectations, you shall take such steps as we require to attempt to remedy the customer complaint. If a customer lodges a complaint respecting you or your Business directly with us, we shall deal with the complaint on the basis of the policy including we shall have the right to compensate the customer as we determine including, for example, by giving money back or a credit towards future purchases. You shall reimburse us for any compensation we may give the customer.

## **8.03 Designated Operator**

If you are comprised of more than one (1) person, you shall designate one (1) of you as the Designated Operator. We must approve of the individual who is to be the Designated Operator, the Designated Operator must successfully complete the initial training program and devote full time, attention and efforts to the Business, and the Designated Operator must at all times have at least a seventy-five percent (75%) ownership interest in you. By execution of this Agreement, each of the individuals comprising you authorize the individual named as the Designated Operator as set forth in Schedule “E” annexed hereto to operate the Business and deal with us in all matters respecting the Business and this Agreement, any decision made by the Designated Operator shall be final and binding on each of you, we shall be entitled to rely solely on the decision of the Designated Operator without the necessity of any further discussion with any of you or anyone else, and we shall not have any liability for

actions we take based on such decision. In addition, set forth in Schedule “F” hereof, is a list of each of you named herein as franchisee as well as the percentage of ownership of each of you of the Business.

If, for any reason, the individual designated to be the Designated Operator ~~shall~~ no longer be able to serve in such a position, then you shall designate a replacement Designated Operator within thirty (30) days after the original Designated Operator is no longer able to serve as such. Any replacement Designated Operator shall meet our requirements as set forth herein, including attending and satisfactorily completing our training program at your expense.

#### **8.04 Indemnification**

You shall indemnify and save us, any Associates and our and their officers, directors, shareholders, employees and representatives harmless from all claims, losses, liabilities, actions, damages and costs to which we, any Associates and our and their officers, directors, shareholders, employees and representatives shall or may become liable for or suffer (i) by reason of any breach by you or your employees of any provision of this Agreement, or any agreement entered into pursuant hereto, or (ii) by reason of any injury, loss, damage or death to any Person or to any property because of any act, neglect or default by you or your employees, or (iii) by reason of the sale or other dealing with any of the Products and Services, or otherwise because of the operation of the Business. If we, any Associates and our and their officers, directors, shareholders, employees or representatives are made a party to any litigation commenced by or against you or your employees, you shall pay all costs and otherwise indemnify and save us, such Associates and our and their officers, directors, shareholders, employees and representatives harmless against all claims, losses, liabilities, actions, damages and costs arising therefrom. If it is established that you or your employees breached any provisions of this Agreement or any agreement entered into pursuant hereto, you shall pay all costs incurred by us and any Associates in enforcing our and their rights and remedies.

#### **8.05 Ownership of Copyrights**

You agree that we and/or the Owner are the sole and exclusive owner of all copyrights in any material set forth in the Manual and any other materials produced and given to you for use in the Business by us or the Owner or on our or the Owner’s behalf including without limitation, any materials used by you in the marketing of the Business. You shall not oppose or otherwise interfere with us or the Owner in any copyright registrations we or the Owner may undertake and if required by us and/or the Owner, you shall execute such documents so required to assist with registration.

#### **8.06 Call Center**

We and/or an Associate may choose subsequent to the date of this Agreement and during the Term, to set up and operate a Call Center for the purpose of processing the delivery of Products and/or Services. In such event, the provisions set forth on Schedule “I” annexed hereto shall apply.

#### **8.07 Gross Revenue Requirements**

You agree that during the terms of this Agreement you shall meet the following average Gross Revenue amounts:

<b>Period</b>	<b>Average Gross Revenue</b>
First Year of Operation	\$50,000 per month
Second Year of Operation	\$83,000 per month

<b>Period</b>	<b>Average Gross Revenue</b>
Third Year of Operation	\$125,000 per month
Fourth Year of Operation	\$166,000 per month
Fifth Year of Operation	\$208,000 per month

The First Year of operation commences on the opening date of your Business. If you do not meet the average Gross Revenue requirement the first time, you must take the remedial action that we require, which may include additional on-site training at your expense, additional local advertising or other measures, and you will have three (3) months to achieve the required average Gross Revenue. If you do not meet the average Gross Revenue requirement a second time, we may reduce the size of your Designated Territory and we may require the additional remedial actions described above. If you do not meet the average Gross Revenue requirement a third time, we may terminate this Agreement.

## **SECTION 9 TECHNOLOGY**

### **9.01 Computer System**

You shall at your cost, purchase and use in the Business, only the Computer Hardware, Proprietary Software and Generic Software we designate. With our prior approval only, you may use existing Computer Hardware and Generic Software. With respect to the Computer Hardware, Proprietary Software and Generic Software, you agree at your cost, to comply with the obligations set out hereafter and otherwise as follows:

(a) any Proprietary Software used by you in connection with the Business is proprietary to us, an Associate or other third party supplier (as the case may be), and notwithstanding you pay for the Proprietary Software, you do not have any right, title or interest whatsoever in any Proprietary Software, other than for your right to use such Proprietary Software in connection with the operation of the Business so long as you are not in default under the provisions of this Agreement and any agreements entered into pursuant hereto;

(b) you and your employees shall not make any alterations, modifications or changes to any Software; you must not allow any Person including your employees to access any Software in any manner, other than for such of your employees who are required to use the Software in order to perform their job function;

(c) you and your employees must not copy, duplicate, rent, sell, transfer or in any other manner allow any other Person to use the Software or the documentation which may accompany same;

(d) you shall use the Software only on the Computer Hardware and on no other computer system, and the Software shall be used only on the Computer Hardware located in the Premises. In addition, you must use only the service provider to access any global communication network (including the Internet) we may designate or otherwise first approve of in writing. You understand and acknowledge that you shall at all times during the Term have a high speed Internet connection for the Computer Hardware;

(e) if any specialized type of computer or software attachments are required for us to access the Computer Hardware and/or Software, you must acquire and install same forthwith upon our request;

(f) if a newer version of any Computer Hardware and/or Software becomes available and is used as part of the System, if we so require, you must acquire and use same in the operation of the Business and discontinue the further use of the previous version of the Computer Hardware and/or Software;

(g) if we or any supplier of Computer Hardware or Software require that a test of the Computer Hardware or Software be conducted, you agree to participate in such test;

(h) you and your employees must take such training in the operation of the Computer Hardware and Software, at such time and place we require;

(i) you irrevocably authorize us to have full access to the Computer Hardware and Software at all times without notice; you must provide us with and we shall have twenty four (24) hour access seven (7) days per week and you must take all steps necessary to allow us such access including provide us with all passwords. In our discretion we may elect to host this data on a server owned or leased by us;

(j) all data and other information generated by your use of Software shall be owned by us, provided you shall be entitled to use same in the Business and as required by applicable law. We shall be entitled to use and release all such data and information for any lawful purpose including without limitation, release such data and information we determine to governmental authorities, banking institutions, other franchisees, and for the preparation and use in franchise disclosure material;

(k) we do not make or give any warranty or representation, either express or implied, with respect to the Computer Hardware and Software including, without limitation, we do not make or give any representation or warranty of fitness for a particular use of the Computer Hardware and Software and any accompanying documentation;

(l) we shall not be responsible to provide you with any assistance or on-going support with respect to the operation, maintenance or otherwise of the Computer Hardware or Software; provided if any of the Computer Hardware or Software require any repair, replacement or servicing, you shall retain only such consultant we designate or otherwise first approve of in writing; such consultant must not access the Computer Hardware or Software except as required to repair, replace or service same. We shall have the right to communicate with the consultant whom you hereby authorize to advise us as to the details of the work performed;

(m) we shall not be liable in any manner whatsoever for any claims, losses, liabilities, actions, damages and costs which you may incur or suffer in the Business arising from our requirement that you acquire the specific Computer Hardware and Software we require you to acquire and use, or for any dealings you may have with any supplier of same;

(n) neither we nor any supplier of Computer Hardware or Software shall be liable for any claims, losses, liabilities, damages, actions and costs which you may incur or suffer in the Business or otherwise, including, without limitation, damages for loss of business profits, business interruption, loss of business information or other pecuniary loss, arising from any inability to use or any malfunction of any Computer Hardware or Software, or if the Computer Hardware or Software does not function in any manner for the purpose for which same was intended, or if the Computer Hardware or Software provides inaccurate information (including whether or not you rely or relied on same to your detriment), or from any other cause.

## **9.02 Point of Sale System**

Aside from any other Computer Hardware you are required to use in the Business, you must acquire and use in the Business the type of point of sales system, as well as any other systems we require, to record sales and other transactions of and to carry on the Business as part of the System. You must input all information using the Software into the Computer Hardware used in the Business as required by us and you shall be required to pay all set-up costs to make such systems operational as well as any on-going fees. You irrevocably authorize us full access to such systems at all times and you must provide us with real time system access at all times twenty four (24) hours per day seven (7) days per week, and you shall take all steps necessary to allow us such access. Without limiting any of your obligations set forth in this Section 9, specifically with respect to the point of sales system, no one may access the point of sales system and Software used in connection therewith other than for such of your employees who are required to use same in order to perform their job function.

## **9.03 E-Mail**

We may establish a system of E-Mail and/or voice mail, and if we so establish these systems you must participate in such systems. Your communications sent via E-Mail and voice mail are not confidential and may be monitored and recorded by us. If we determine that you are using E-Mail or voice mail contrary to the interests of the System, we may prohibit access by you to the E-Mail and/or voice mail permanently or for a specified period of time.

## **9.04 Wireless Communication and Devices**

You must acquire and use in the Business and keep operable at all times the type of wireless and other business devices we require (such as, by way of example, a device known as a smart phone) so as to enable you to keep in contact with the Business as well as for us to be able to contact you. Such devices must be open for communication by us with you at least two (2) hours prior to the opening and two (2) hours after the closing of your Business to the public.

## **9.05 Confidentiality**

Without limiting any other requirements of confidentiality as set forth in this Agreement, you must maintain the absolute confidentiality of the Software and the data and other information generated therefrom during the Term and at any time thereafter, and you must not disclose any such data or other information derived from the Software other than as may be required to enable you to conduct the Business and as may be required by applicable law. You agree not to use any such data or other information in any other business or in any other manner whatsoever. If required by us, you shall have your employees execute and deliver to us our standard form of confidentiality agreement protecting us and any other supplier of Software against the use of and disclosure by you and them of any data and information generated by the Software.

## **9.06 Software Licensing Agreement**

If at any time subsequent to the date of this Agreement we require you to enter into a software licensing or sublicensing agreement governing your use of any Software, whether with us, an Associate or a third party supplier, you agree to execute and deliver such form of agreement we may require.

### **9.07 Software Fees**

You shall be responsible to pay any Software and maintenance fees which may be required by the suppliers of Software and other services to you which are used in the Business and as may be required by us.

### **9.08 Duties Upon Termination**

All Software shall be returned to us or as we may direct upon any termination of this Agreement. The provisions of this Section 9 shall survive the termination of this Agreement.

## **SECTION 10 REPORTS**

### **10.01 Books and Records**

You must keep the books and records and submit to us the statements and reports with respect to the Business as are specified in this Agreement or the Manual and as are otherwise required by us. If we require, you must use and complete our forms of statements and reports in the exact manner required by the said forms. You must acquire and use in the Business such accounting system (including Computer Hardware and Software) we require to prepare the statements and reports. You must submit such statements and reports to us electronically or in such other manner we shall determine. We shall be entitled at all times to have free access to all data and information collected by you in the operation of the Business by means of direct access or such other access we determine. You acknowledge and agree that the financial data of your Business (i) is owned by us, (ii) is our proprietary information, (iii) may be published in franchise disclosure document(s) issued by us following the Effective Date hereof, and (iv) may be shared with other franchisees in the System. All books and records of the Business must be kept by you at the Premises in an organized manner for at least four (4) years following the end of the fiscal year to which such books and records relate and for at least four (4) years after this Agreement expires or is terminated. Without limiting the foregoing, you shall submit the following to us:

(a) by Monday of each week a statement of Gross Revenue for the previous week ending Sunday, broken down into such categories we determine and setting out the daily Gross Revenue and the total Gross Revenue for the applicable period;

(b) within ten (10) days of the end of each calendar month or other period determined by us, a balance sheet, statement of profit and loss, inventory statement and statement of sales analysis for the applicable period;

(c) within ten (10) days of the end of each calendar month, or other period determined by us, the list of customers and consent form referred to in Section 8.01(ee) of this Agreement;

(d) within ten (10) days of the end of each calendar month or other period determined by us, information in the form we require respecting (i) the number of leads and names of such leads for the calendar month being reported upon, (ii) the closing ratio of the number of potential customers contacted and the number of such customers who purchased Products and/or Services, (iii) the average sales dollars generated for each customer sale, (iv) the cost of the Products and/or Services sold, and (v) such other financial related information of the Business as we may determine;

(e) within ten (10) days of providing same to the Landlord, a copy of all statements and reports provided by you to the Landlord;

(f) if requested by us, you will deliver to us a copy of all returns, schedules and reports filed by you with any tax collection, registration or licensing authority;

(g) within sixty (60) days of the end of each calendar year, a copy of the financial statements of the Business for such year (including the statements set forth in subparagraph (b) above), certified by you as being true and correct. The fiscal year of the Business shall end on such date we may require;

(h) within five (5) days of the date upon which payment is to be made, a copy of the Sales Tax forms respecting the payment of applicable Sales Taxes, and employee deduction forms respecting the payment of employees taxes and other benefits, required to be filed with the applicable governmental authorities as well as evidence of payment of the required amounts; and

(i) such other statements, reports and information we require from time to time.

### **10.02 Access to Premises; Our Right to Audit**

You must provide full access to the Premises to us and our representatives immediately upon request, to examine your books and records of the Business and/or cause same to be audited by an auditor appointed by us. We may at any time during the Term or thereafter perform an examination and/or audit of the books and records of the Business. Any examination and/or audit shall be at our cost unless same is necessitated by your failure to deliver the statements and reports or maintain your books and records as required, or unless the examination and/or audit discloses Gross Revenue was understated by two percent (2%) or more; in such circumstances, aside from being a default under the provisions of this Agreement, you must pay the understated amount, together with applicable interest thereon, as well as our costs and any third party costs incurred by us in performing the examination and/or audit, forthwith upon receipt of invoice. We shall be entitled to remove the books and records from the Premises for up to seven (7) days to make copies thereof.

### **10.03 Our Right to Information**

By execution of this Agreement, you irrevocably authorize us to obtain, use and disclose to any Persons for any purposes we deem proper, any information, statement, report or other material provided by you pursuant to this Agreement or otherwise obtained by us in respect of the Business.

## **SECTION 11 MARKETING**

### **11.01 Grand Opening Promotional Campaign**

You agree that it is important to the possible success of the Business that you introduce yourself to the community in which the Business is located. You must spend at least Three Thousand Five Hundred Dollars (\$3,500) on a grand opening advertising campaign to promote the opening of your Franchised Business. We will plan the campaign with you. You must submit your grand opening advertising campaign for our approval at least sixty (60) days before you intend to open the Business. The grand opening promotional program may take place for a number of months prior to or following your opening of the Business to the public. For the purposes hereof, the “grand opening” of the Business shall be deemed to commence on the date designated by us and shall cover such duration of time as we determine.

## **11.02 Marketing Fund**

(a) You must pay the Marketing Fee described in Section 3.02(b) as a contribution to the Marketing Fund. Businesses owned by us and our affiliates may, but are not required to, pay the Marketing Fee into the Marketing Fund. We shall maintain, administer and expend funds from the Marketing Fund for national and/or regional and/or local marketing programs as we determine in our sole discretion; without limiting the foregoing, we have the absolute right to determine the type, quality, quantity, geographic location, timing and placing of all marketing programs as well as to select any marketing agency to assist with the Marketing Fund. All costs in any way connected with the Marketing Fund including, without limitation, costs incurred with respect to the internet, any web-site and other means of electronic advertising and commerce, costs expended for media including creative and production costs and fees, costs expended for public relations, costs expended for initiatives to enhance, support and protect the brand, training program costs, costs to pursue and enter into strategic partnerships, costs to conduct customer surveys, costs to measure performance standards, costs to sponsor and donations to a designated charity or charities, market research costs, program development costs, product development and launch costs, costs to obtain regulatory approvals, costs to print printed materials including brochures and direct mail items, costs to advertise in newspapers and magazines, costs to produce and carry out Internet, web-based, social media and other like activities, costs to appear in home shows and other site events including booth and signage costs, our out-of-pocket costs, statement preparation costs, a reasonable allocation for office costs for use of our office space, costs to conduct franchisee meetings, and salaries paid to any Persons working in connection with the Marketing Fund, whether working part-time or full-time and whether employed by us or a third party, shall be paid out of the Marketing Fund. The Marketing Fund is intended for the benefit generally of the System and the Marks but we do not undertake any obligation in dealing with the Marketing Fund to ensure that any particular franchisee including you, will benefit directly or pro-rata from any expenditures made therefrom. We assume no direct or indirect liability or obligation to you with regard to the Marketing Fund and you understand that all efforts expended with respect to the Marketing Fund will not be successful.

(b) Funds from the Marketing Fees paid will be kept separate and distinct and will be accounted for separately from our other funds. Any sums paid to the Marketing Fund that are not spent in the year they are collected will carry over to the following year. Upon your request, we shall provide to you, within one hundred and twenty (120) days of the fiscal year end of the Marketing Fund a written statement in our form setting out in brief detail the total amounts paid into and disbursements made from the Marketing Fund for the applicable period. We are not required to have this statement or the Marketing Fund audited.

(c) You understand and acknowledge that we may use up to twenty-five percent (25%) of the Marketing Fund to prepare and place marketing that is principally a solicitation for the sale of franchises.

## **11.03 Local Marketing**

(a) In addition to any other amounts you are required to expend pursuant to this Section 11, you must spend on local marketing of the Business an amount equal to six percent (6%) of Gross Revenue during your first year of operation. After your first year of operation, and annually thereafter, we shall have the option to adjust the amount you must spend on local marketing to reflect your individual circumstances, including competition for the Products and Services in your Designated Territory; provided, however, that in no event shall your local marketing requirement exceed six percent (6%) of Gross Revenue. You understand and acknowledge that in the event we reduce another franchisee's local marketing requirement based on such franchisee's individual circumstances, we shall

not be required to grant to you a similar, or any, reduction. You acknowledge and agree you have been advised that initial and continuous marketing of the Business is an integral part of any reasonable opportunity you may have to succeed, if such is to be the case, and without such marketing your opportunity to succeed will be limited. It is imperative you make the public aware of the Products and Services so offered by you as part of the Business. You must periodically provide us with verification of all expenditures for local marketing and promotion within thirty (30) days after we request it.

(b) Prior to your conducting any local marketing, you must obtain our prior written approval to all marketing materials you intend to use. All marketing materials must (i) display the Marks only in the form, style, format and print authorized by us, (ii) not be deceptive, untrue, misleading, or inconsistent with any marketing programs conducted by us or another franchisee, and (iii) comply with any criteria we may establish. We reserve the right to require you to include certain language in your marketing, such as “Franchises Available” and our website address and telephone number. You shall not direct any marketing activities outside of the Designated Territory or to any geographic area which we determine is not within the local trading area (as designated by us) of the Business. All marketing material used by you shall state that you are an authorized user of the Marks which are in fact owned by the Owner. You will not use, display, publish, broadcast or in any manner disseminate any marketing material which has not received our prior written approval. Any marketing or promotional materials produced by you or on your behalf, or that we have not approved within the preceding twelve (12) month period, may not be used until they have been approved by us. You must submit the proposed materials to us before you intend to use them, and we will have fifteen (15) days to notify you whether the materials are approved. If we do not notify you within this fifteen (15) day period that the materials are approved, then they are deemed not approved. Any marketing materials submitted to us for our review will become our property and there will be no restriction on our use or distribution of these materials. You shall discontinue any local marketing activity we determine does not meet our requirements, or which we otherwise require, forthwith upon receipt of written notice. You shall report to us any misuse or unauthorized use of any promotional or advertising materials of which you become aware.

(c) While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, you will not be deemed to be in violation of this Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory. You may not directly solicit customers outside of your Designated Territory.

(d) As part of any local marketing initiatives you may undertake, you have been advised and are aware an important method to market the Business is through appearances at “home shows”, “car shows” and other similar type shows which may occur within your Designated Territory. In this regard, you agree to use your best efforts to determine if, where and when such shows may be taking place within your Designated Territory and to use your best efforts to participate in these shows. Any costs incurred by you to participate in these shows will be applied against your annual local marketing requirement.

(e) You shall not conduct any Internet, web-based, social media or other like activities whatsoever respecting us, yourself, the Premises, the System, the Products or Services, the Marks, the Business or otherwise in any manner without our prior written approval.

(f) Notwithstanding anything set forth above, we shall be entitled to take over and conduct the local marketing of the Business being conducted by you, and in such event, such marketing may be carried out for the Business itself and/or in co-operation with marketing being conducted by us for other businesses using the System and the Marks (whether operated by us, any Associate or other of our

franchisees) in your Designated Territory and/or such regional market area as designated by us. If we take over your local marketing, we shall have no liability or obligation to you with respect to the conduct of such local marketing, and all costs are payable by you and shall be paid forthwith upon receipt of invoice.

#### **11.04 Marketing Initiatives**

(a) You must participate in all marketing initiatives we require. You are responsible to pay all of your costs of such initiatives; without limitation but by way of example, initiatives may include prize contests, gift cards, special product offers and coupons. Marketing initiatives may be conducted nationally, regionally and locally and may vary from region to region and all other franchisees using the System shall not necessarily be required to participate in the initiatives in which you must participate.

(b) You must participate in the launch of all new Products and Services we require, including whether or not same are proprietary to us, or are conducted as a cross-promotion with other Persons, or otherwise. If any fees or other consideration are payable in connection with any launch and/or marketing program, we (and any Associate if such is the case) shall be entitled to maintain same for our or their own account.

(c) You must at your cost, honor all coupons, gift certificates and other promotional offers authorized by us including, without limitation, you must honor all coupons, certificates and promotional offers presented to you notwithstanding same were initiated from business conducted at our or another franchisee's location. Upon our request, you agree to provide a written report to us of the details of all coupon, gift certificate and other promotional offers sold by you as well as those accepted by you as payment. You shall not sell or issue any coupon, gift certificate or other promotional offer except as we may authorize in writing. Under no circumstances shall you produce, print or otherwise use any coupon, gift certificate or other promotional offers other than those obtained from us or those authorized in writing by us. We reserve the right to alter the terms and conditions of any gift card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

#### **11.05 References to Marketing**

For the purposes of this Agreement, any reference to "marketing" shall also mean all advertising and promotions conducted in respect of the Business.

#### **11.06 Cooperative Marketing**

We may, in our discretion, create a regional advertising cooperative in any area where two (2) or more Businesses are located, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which your Business is located. In no event may the Business be required to be a member of more than one (1) Cooperative. The Cooperative must be governed in the manner we prescribe. Each member of the Cooperative shall make monthly contributions thereto in an amount as determined by a majority vote of the members of the Cooperative. Any amounts that you contribute to a Cooperative will count toward your local marketing requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on local marketing you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

(a) the Cooperative must be organized and governed in a form and manner, and commence operation on a date that we approve in advance in writing;

(b) the Cooperative must be organized for the exclusive purpose of administering marketing programs; developing, subject to our approval, standardized promotional materials for the members' use in local marketing within the Cooperative's area;

(c) the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

(d) except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for local marketing) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Business having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Businesses owned. Businesses owned by us and/or our affiliates may, but are not required to, participate in a marketing Cooperative, and if they participate in the Cooperative they will have the same voting rights as other Businesses in the Cooperative;

(e) without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us for our approval in accordance with the procedure set forth in Section 11.03(b);

(f) no later than the fifteenth (15<sup>th</sup>) day of each month, each member/franchisee must submit its contribution to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

(g) if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

### **11.07 Advisory Councils**

We may establish one or more advisory councils to advise us on matters relating to the System, marketing, new products and services, or other matters. If we establish an advisory council, members will include our representatives and franchisee representatives. The franchisee representatives may be selected by us or may be selected by other franchisees. If formed, the advisory council will act in an advisory capacity only, and will not have decision-making authority. We will have the right to form, merge, change or dissolve any advisory council. If you participate on an advisory council, you will pay all of your expenses related to your participation, such as travel and living expenses you incur to attend council meetings.

### **11.08 Website**

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and

provide for the benefit of your Business a “micro-site” website for the promotion of your Business. If we establish one or more websites or other modes of electronic commerce and if we provide a “micro-site” website for the promotion of your Business, you must routinely provide us with updated copy, photographs and news stories about your Business suitable for posting on your “micro-site” website. We reserve the right to specify the content, frequency and procedure you must follow for updating your “micro-site” website.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products and services available at Garage Living Businesses – also be devoted in part to offering Garage Living franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “Garage Living” name or any name confusingly similar to the Proprietary Marks without our prior written consent.

You are not permitted to promote your Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn, Instagram, FourSquare, TikTok or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Business’s operation, including prohibitions on your and the Business’s employees posting or blogging comments about the Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites like TikTok, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “micro-site” website.

## **SECTION 12 MARKS**

You agree that (i) the Owner is the owner of the Mark, (ii) your right to use the Mark is derived solely from this Agreement and solely in connection with the Business, (iii) you must use the Mark only as authorized by us and/or the Owner and not in any manner calculated to represent that you are the owner, (iv) you do not have any right, title or interest whatsoever in the Mark or the System, and all goodwill associated with the Mark and the System (including, without limitation, any goodwill which may occur because of your use of the Mark) shall inure exclusively to the benefit of the Owner. Without limiting the foregoing, you agree to do and/or perform the following:

(a) execute and deliver such documents as we and/or the Owner require to register you as a user of the Mark and/or protect the ownership of the Owner in the Mark and/or comply with any applicable trade name, trade mark or similar legislation;

(b) not register or attempt to register the Mark in your name, or use the Mark or any variation thereof as part of your name or the name of any other Person, or for any other purposes, other than as specifically provided by this Agreement;

(c) not oppose, dispute or contest the ownership of the Owner of the Mark or any application or registration thereof by the Owner, or the validity or enforceability thereof, and not assist any other Persons to do any of the foregoing;

(d) not take any action which would likely injure or damage the goodwill or the validity or enforceability of the rights of the Owner to the Mark;

(e) not do any act which may jeopardize or adversely affect the validity or the distinctiveness of the Mark or the Owner's title to the Mark;

(f) notify us and/or the Owner promptly of any attempt by any Person not authorized to use the Mark or of any apparent infringement or challenge to the Mark by any Person of which you become aware, and of any action involving the Mark threatened or instituted by any Person against you. If any action is instituted against you, you irrevocably authorize us and/or the Owner to defend the action on your behalf and to take whatever steps we and/or the Owner deem necessary to defend such action and otherwise to protect the Owner's ownership and right in the Mark. You shall not communicate with any other Person, other than us and the Owner, in connection with any of the matters set forth above. We and the Owner shall have the exclusive right to control any litigation or proceeding arising out of any use, infringement or challenge related to the Mark. Any damages and other benefits arising out of any such infringement, challenge or other claim shall accrue exclusively to the Owner;

(g) discontinue use of any Mark and/or use any new, modified or substituted Mark as required by us and/or the Owner for any reason. Neither we nor the Owner shall be liable for any losses you may suffer or costs you may incur as a result of you having to discontinue the use of any Mark, or comply with our instructions to use any new, modified or substituted Mark, or any signs and other materials and documentation of any kind displaying the Mark for any reason including, without limitation, if we deem it necessary to discontinue the use of any Mark on account of any actions or position taken by the United States Patent and Trademark Office or any successor or replacement office with respect to any application for a Mark by the Owner. You shall, at your cost, be responsible to replace any signs and other materials and documentation if any Mark is discontinued, modified and/or substituted and requires replacement;

(h) operate and advertise the Business using only the Mark;

(i) if directed by us or the Owner, affix in a conspicuous place in, on or about the Premises a notice stating that the Mark is owned by the Owner and you are an independent licensed operator of the Business authorized to use the Mark;

(j) clearly indicate on all contracts, business cards and other written materials used in the Business that you are an independent businessperson, licensed to use the Mark which is owned by the Owner;

(k) if local laws require that you file any material that you are conducting business under an assumed or trade name (such as a "d/b/a"), state in such filing that the filing is made as a franchisee and that the Mark is owned by the Owner;

(l) use the Mark without any accompanying words or symbols, and not use all or any part of the Mark as part of any corporate or other name or with any prefix, suffix or modifying words, or symbols, or in any other modified form;

(m) use the Mark only in association with the Products and Services and in such manner, size and color required by us and/or the Owner;

(n) comply with all standards, policies, rules and requirements made by us and/or the Owner with respect to the Mark;

(o) not perform any activity or incur any obligation or indebtedness in such manner as could reasonably result in making us, the Owner or any Associate liable therefor;

(p) allow us, the Owner and each of our representatives to attend at the Premises (i) to inspect the Products and Services being offered, and the procedures used in your carrying on of the Business to ensure that the standards, policies, rules and requirements of us and/or the Owner have been complied with by you, and (ii) generally, inspect the manner in which the Mark is used or displayed by you. In addition, we, the Owner and each of our representatives shall have the right at any time to take samples of Products used in the Business and photographs of the Premises.

You agree that the provisions of this Section 12 are reasonable, having regard among other things to the necessity of the Owner to protect its right, title and interest in the Mark and the integrity thereof.

## **SECTION 13 ENGAGEMENT IN SIMILAR BUSINESS; NON-DISCLOSURE**

### **13.01 In-Term Non-Competition Covenant**

During the Term you must not, either directly or indirectly, individually or as a partner, director, officer, employee, shareholder or member of any corporation or other entity, or in any other capacity whatsoever, engage in, be concerned with or interested in, advise, lend money to, guarantee the obligations of, or permit your name to be used in any business which is the same or similar to the Business or which involves in a substantial manner the production, wholesaling or retail sale of the Products and/or the Services.

### **13.02 Post-Term Non-Competition Covenant**

Upon the termination of this Agreement for any reason, upon expiration of this Agreement according to its terms, upon non-extension or refusal of a successor term, or upon the completion of any Sale by you, then for a period of twenty four (24) months following such termination, expiration or completion of the Sale, you shall not, either directly or indirectly, individually or as a partner, director, officer, employee, shareholder or member of any corporation or other entity, or in any other capacity whatsoever, engage in, be concerned with or interested in, advise, lend money to, guarantee the obligations of, or permit your name to be used in any business which is the same or similar to the Business or which involves in a substantial manner the production, wholesaling or retail sale of the Products and/or the Services and which is located anywhere:

- (a) at, in or from the Premises;
- (b) within the Designated Territory;

(c) within a ~~sixty (60)~~twenty-five (25) mile radius of the outside boundary of the Designated Territory;

(d) within a ~~sixty (60)~~twenty-five (25) mile radius of the location of any other Business operated by us or another franchisee which operates using the Marks or variations thereof.

### **13.03 Non-Disclosure**

You agree that the System, the Manual and any other information provided you in the operation of your Business includes confidential and proprietary information of us and the Owner, including without limitation, information respecting sale methods, marketing methods and business methods and procedures. Accordingly, you agree that all information disclosed to you regarding the System and contained in the Manual or otherwise is disclosed to you in the strictest of confidence and/or as trade secrets, and such information remains our and the Owner's property. During the Term, you shall not disclose any such information to any Persons other than to your employees so that they may carry out their employment functions, and after the termination of this Agreement for any reason and after the completion of any Sale, you shall not disclose such information to any Persons.

### **13.04 Improvements**

Any improvements and/or techniques and/or information developed by you or your employees during the Term and relating to the System or the Business, whether developed separately or with us, shall be deemed to be modifications to the System, all of which shall be deemed to be owned by us and/or the Owner.

### **13.05 No Duplication of the System**

You must not at any time, directly or indirectly, appropriate, use or duplicate the System or any portion thereof in any business in which you may have any interest (whether directly or indirectly) or in which you are otherwise employed, including without limitation, in any business which involves the retail sale, wholesaling or the production of the Products and/or the Services.

### **13.06 Severability of Provisions**

You agree that the provisions of this Section 13 are reasonable, independent and severable each from the other, having regard to the substantial investment of ourselves and the Owner in the System and the Marks, and you irrevocably waive all defenses to the strictest enforcement thereof and any right to claim otherwise. If a court of competent jurisdiction shall restrict, limit or otherwise change any provisions of this Section 13, any restrictions, limitations or changes made by the court shall apply in place of what is otherwise set out herein.

## **SECTION 14 DEFAULTS**

### **14.01 Termination Upon Notice – No Right to Cure**

We shall have the right, at our option, to terminate this Agreement and all rights granted to you hereunder, without providing you the opportunity to cure the default (subject to the provisions of application state law governing franchise termination), effective upon receipt of notice by you upon the happening of any of the following events:

(a) if your right to occupy the Premises is terminated or otherwise ends for any reason and you do not relocate the Business to new Premises in accordance with Section 5.05; or if you abandon the Premises for a period of five (5) days or longer without our prior written consent, except for in the case of acts of God, war, terrorism and other situations which are beyond your control; provided, however, that your lack of financing shall not be deemed a situation beyond your control; or if you allow the Premises to be used by any Person other than yourself;

(b) if you cease to continuously carry on the Business once the Business is initially opened to the public, on the days and during the hours required by this Agreement or the Manual;

(c) if you lose any permit or license required for you to carry on the Business or any such permit or license is not renewed;

(d) if you or any of your employees falsify any statement or report, or otherwise provide us with false information; or if you or any of your employees do not record sales of Products and Services as required by this Agreement; or if you do not report Gross Revenue as required by this Agreement; or if you do not book all customer purchase orders using the required Software;

(e) if we receive a number of complaints from customers respecting the Business which is greater than ten percent (10%) above the average number of complaints we receive with respect to the business conducted at all other "Garage Living" franchises; or if we receive a series of the same complaints or complaints of a similar nature and you do not remedy the circumstances giving rise to such complaints within five (5) days of written notice to you;

(f) if you copy or duplicate any Software or documentation accompanying such Software; or if you transfer to or permit any Person (other than you and your employees involved in the use of the Software for the Business) to use the Software; or if you otherwise breach any of the provisions of Section 9 of this Agreement;

(g) if you do not provide us with the statements and reports within the applicable time periods set forth in Section 10 of this Agreement;

(h) if you make or purport to make a sale, assignment or transfer of all or any part of your assets or all or any part of your interest in the Business, without complying with the provisions of Section 16 hereof;

(i) if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;

(j) if any judgment or judgments in excess in total of Five Thousand Dollars (\$5,000) or any federal, state or municipal tax claim against you remains unsatisfied for seven (7) days after your receipt of written notice thereof;

(k) if you commence or threaten to commence any proceeding to wind-up, liquidate or dissolve the Business; or if you cease or threaten to cease to carry on the Business, or otherwise take or threaten to take any action to liquidate your assets;

(l) if any lessor or encumbrancer or any other Person, lawfully entitled, shall take possession of any of your assets;

(m) if we determine that you are or likely have been guilty of acts of sexual harassment with respect to your employees as evidenced by formal or informal repetitive complaints in connection therewith; or if it is determined you have breached any governmental laws respecting human rights;

(n) if you are charged with or convicted of an indictable offence or other crime, or engage in any conduct or practice that, in our opinion, reflects unfavorably upon or is harmful to the Mark, or to the good name, goodwill or reputation of the System, or to the reputation of other of our franchisees;

(o) if you commit defaults for which notices of default have been served more than two (2) times in any one calendar year during the Term, notwithstanding that such defaults may have been cured;

(p) if for any reason you have not located, completed the improvements to the Premises and opened the Business to the public, within a period of six (6) months of the date of this Agreement or within such extended period of time we may agree to, if such is the case;

(q) if you fail to comply with all applicable laws and ordinances relating to the Business, including Anti-Terrorism Laws, or if your or any of your Owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your Owners otherwise violate any such law, ordinance, or regulation; or

(r) if you fail to meet the average Gross Revenue requirements described in Section 8.07 a third (3<sup>rd</sup>) time.

#### **14.02 Termination Upon Notice – Right to Cure**

This Agreement shall, at our option, terminate upon notice and your failure to cure within the specified time periods if you:

(a) do not pay any indebtedness incurred in connection with the Business when such indebtedness is due and payable and do not correct such failure or refusal within three (3) business days after written notice of such failure is delivered to you;

(b) are in default of any governmental laws or regulations or any of our directives or guidelines pertaining to safety standards in the operation of the Business and you fail to remedy such default within forty eight (48) hours after written notice thereof from us;

(c) misuse or make any unauthorized use of the Marks or any other identifying characteristics of the System or engage in any business or provide any service under a name or mark which in our opinion, is confusingly similar to the Marks; or if you otherwise breach any of the provisions of Section 12 of this Agreement and do not correct such breach within thirty (30) days after written notice thereof from us;

(d) fail or refuse to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise in writing, and do not correct such failure within thirty (30) days or provide proof acceptable to us that you have made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected; if such failure cannot reasonably be corrected within thirty (30) days after written notice of such failure to comply is delivered to you;

(e) have any required license, permit or certification suspended and do not reinstate such license, permit or certification in good standing within thirty (30) days of receiving notice; or

(f) if you fail to meet the average Gross Revenue requirements described in Section 8.07 a first (1<sup>st</sup>) or second (2<sup>nd</sup>) time during the term of this Agreement.

### **14.03 Our Right to Discontinue Services to You**

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Section 14, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your “micro-site” website, until such time as you correct the breach.

### **14.04 Amendment Pursuant to Applicable Law**

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute “good cause” for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

## **SECTION 15 EFFECT OF EXPIRATION OR TERMINATION**

### **15.01 Your Duties**

If this Agreement is terminated for any reason, the following provisions shall apply. Any reference to termination in this Agreement shall include termination of this Agreement resulting from natural expiration of the Term or otherwise and all of your obligations respecting termination as set forth in this Agreement shall apply.

(a) you lose all rights under this Agreement including without limitation, your rights to use the System and the Mark, to conduct the Business, and to use any materials displaying the Mark;

(b) you must deliver the Manual, the Software and all material containing information respecting the System and otherwise displaying the Marks as well as all copies thereof to us, and you must not use or disclose any confidential information gained by you pursuant to this Agreement, the Manual, the System, the Software or otherwise;

(c) you must cease use of all telephone numbers, facsimile numbers, listing services, web-sites, domain names and other electronic devices used by you in connection with the Business. If required by us, you must cause all or such of the foregoing as we designate to be assigned to us at no cost and, in connection therewith, you shall execute any documents we require to evidence such assignment. You must, at your cost cancel all registrations indicating you carried on the Business or used the Marks;

(d) without limiting any of our other rights and remedies, you must pay us and any Associate, as well as all suppliers of Products and Services to you, all amounts owing up to termination;

(e) subject to applicable laws, you must cease all dealings with suppliers of Products and Services to you in connection with the Business for a period of two (2) years following termination;

(f) you must not, without our prior written consent, remove any Products from the Premises for a period of thirty (30) days following termination. We shall have the right (but not the obligation) for such thirty (30) day period, such right to be exercised by us giving you written notice within such period, to purchase all or any part of the Products for a purchase price equal to the invoiced cost to you less fifty percent (50%). We shall be entitled to deduct from the purchase price all applicable delivery, freight, insurance and brokerage charges which would be applicable for delivery of the Products to our head office in the Province of Ontario, Canada, and we may deduct from the purchase price any amounts you then owe to us and/or an Associate;

(g) you must remove all signage (both exterior and interior) and advertising material from the Premises which displays the Marks and our name;

(h) you must remove all signage and advertising from the vehicle(s) used by you in the Business as well as any other identifying marks so that no one would be able to identify the vehicle(s) you used in the Business as having been used in the Business;

(i) you must de-identify the Premises including repaint and otherwise change the character of the Premises so that so that no-one would be able to identify that you carried on the Business from the Premises; in this regard, we shall have the right at any time upon twenty four (24) hours prior notice to you, to enter the Premises during business hours to examine whether or not you have complied with the foregoing requirement, provided if you have not done so to our satisfaction, we and our representatives shall have the right at your cost to carry out such de-identification and we and our representatives shall not be liable for any tort, trespass or otherwise as a result of such actions. In addition to anything otherwise contained above, all other provisions of this Agreement which by their nature would survive termination shall continue to apply including without limitation, all covenants respecting technology as set forth in Section 9 hereof, the Marks as set forth in Section 12 hereof, and engagement in a similar business and non-disclosure and confidentiality as set forth in Section 13 hereof.

## **15.02 Liquidated Damages**

Upon termination of this Agreement for cause, you agree to pay to us within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the twelve

(12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider ~~this~~these liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

## **SECTION 16 SALE; ASSIGNMENT**

### **16.01 Sale by You; Our Right of First Refusal**

You must not, directly or indirectly, effect a Sale of all or any part of your interest in this Agreement or the assets of the Business to any Person without our prior written consent, which consent shall not be unreasonably withheld. Any Sale shall not include any rights whatsoever with respect to the Marks. In seeking out any Purchaser, you must not in any advertisement or other material you give out make reference to the Mark, and you must not place any sign indicating you desire to ~~effect~~affect a Sale anywhere in or on the Premises. If you have reached an agreement with a Purchaser to effect a Sale, you must first submit an application in writing to us in our required form; the application shall also include a copy of the offer relating to the proposed Sale, information relating to the net worth, credit rating, character and business background and experience of the Purchaser and such other information we may require. We shall be entitled to carry out such credit and other ~~review~~reviews we require and both you and the Purchaser, by your request for our consent to a Sale, irrevocably agree we may carry out such credit and other reviews we so determine; any costs to carry out such credit and other reviews shall be payable by you. We shall not be required to consider any application if you are under any notice of default.

Upon receipt of your application, we shall have twenty one (21) days therefrom to exercise a right of first refusal and purchase the Business upon the same terms as set out in the offer, except that we shall be entitled to deduct from the purchase price an amount equal to the amount of any sales commission and other fees which would be payable had the Sale been completed with the Purchaser, plus the amount set out in subparagraph (d)(iv) below, plus any money you then owe to us and/or any Associate. We may substitute cash for any other consideration. If we do not exercise our right of first refusal as described herein, we shall then determine whether or not we will consent to the Sale. If we do not notify you of our consent to the Sale in writing within thirty (30) days of receipt of your original application, we shall be deemed to have refused our consent. If we consent to the Sale, any Sale shall only be ~~effected~~affected if all conditions imposed by us are complied with. Without limiting any other conditions we may impose, the following conditions must be complied with prior to completion of the Sale:

(a) you must pay us at the time you submit the application, a non-refundable amount of Four Thousand Five Hundred Dollars (\$4,500) to cover and/or defray any costs we may incur in

connection with the Sale, whether or not the Sale is completed; until such sum is received, we shall not be required to consider your application and no time periods set forth in this Section shall be deemed to have commenced;

(b) the Purchaser must (i) personally meet with us at our principal business office and be accepted as being an individual able to work with us within the System; (ii) successfully complete to our satisfaction, our initial training program or such other training in the operations of the System as we may require at such time(s) and location(s) we designate, at the Purchaser's sole cost and expense; (iii) enter into our then current form of franchise agreement (which said agreement may contain higher royalty and other fees and amounts payable than those presently set forth in this Agreement) and other agreements to be entered into pursuant thereto, but the term of such franchise agreement shall not exceed the remaining Term hereunder at the closing of the Sale; (iv) not have any interest in a business the same or similar to or in competition with any of our businesses; and (v) provide such personal guarantees as we determine guaranteeing his or her franchise obligations and obligations under the Lease;

(c) prior to the Purchaser commencing training, the Purchaser must (i) execute and deliver such form of secrecy agreement and agreement of non-competition required by us, and (ii) pay our then-current ~~non-refundable~~ nonrefundable training fee. You understand and acknowledge that a substantial period of time may pass between the time that you submit your application to us for our approval of the Sale and any completion of a Sale;

(d) you must (i) discharge all of your obligations to us and any other Persons to whom you are obligated pursuant to this Agreement and otherwise in respect of the Business; (ii) repair the Premises to a first class condition, as required by us and carry out same to our satisfaction; (iii) deliver to us, a general release in the form we require; (iv) pay us an amount of Twenty Thousand Dollars (\$20,000) as a transfer fee; (v) return the Manual and any copies thereof and all Software to us, or if directed, to the Purchaser; (vi) cancel all registrations evidencing you carried on the Business as our franchisee and used the Marks; (vii) deposit with us as security to meet any of your obligations in respect of the Business which may become known subsequent to closing, an amount of Ten Thousand Dollars (\$10,000) for a period up to six (6) months following completion of the Sale, and in this regard, you irrevocably authorize us to use all or part of such amount to discharge such obligations as we determine. At the end of such six (6) month period any money remaining from this deposit shall be returned to you;

(e) the Sale must comply with all conditions of the Lease respecting any sale or transfer, including you must pay any costs required by the Landlord. You must assign your interest in the Lease to the Purchaser, if permitted by the terms of the Lease;

(f) you shall continue to be personally liable for all obligations under this Agreement, and any new agreement(s) we enter into with the Purchaser, if we so require;

(g) the date of the completion of the Sale must be approved by us;

(h) unless otherwise agreed by us in writing, any Sale must be of all and not a portion of your interest in this Agreement or the assets of the Business.

Assuming we do not exercise our right of first refusal as set forth above, any Sale must be completed upon the terms set forth in your application originally submitted to us. If there is any change to the terms of the offer before completing any Sale, we shall again be offered our right of first refusal, and you must again make application in the manner set out above and the provisions of this Section shall continue to apply. If there is more than one (1) of you and we agree to consent to a Sale which represents less than the whole interest in this Agreement or all of the assets of the Business, without limiting any

other conditions we may impose, all of the amounts to be paid and other conditions set out above will apply including our first option to purchase.

### **16.02 Our Right to Assign**

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of “Garage Living Franchise Systems USA, Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

## **SECTION 17 SECURITY INTEREST**

### **17.01 Collateral**

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Business. All items in which a security interest is granted are referred to as the “Collateral”.

### **17.02 Indebtedness Secured**

The Security Interest is to secure payment of the following (the “Indebtedness”):

- (a) All amounts due under this Agreement or otherwise by you;
- (b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (c) All expenses, including reasonable attorneys’ fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and
- (d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any successor term or extension of this Agreement, whether or not you execute any extension agreement or successor instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Business, including, but not limited to, a real property mortgage and equipment leases.

### **17.03 Additional Documents**

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

### **17.04 Possession of Collateral**

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

### **17.05 Our Remedies in Event of Default**

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of state where the Business is located (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

### **17.06 Special Filing as a Financing Statement**

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

## **SECTION 18 DEATH OR PERMANENT DISABILITY**

18.01 In the event of death or permanent disability, the following provisions shall apply:

(a) where there is the death or permanent disability of the Designated Operator, the interest of the Designated Operator in this Agreement may be transferred to an Authorized Heir or sold to the remaining franchisee(s), provided the following conditions are met:

(i) if the Designated Operator's interest is transferred to an Authorized Heir, the Authorized Heir must in our opinion, be capable of operating the Business on a full time basis and successfully complete our initial training program,

(ii) if the Designated Operator's interest is to be sold to the remaining franchisee(s), such franchisee(s) must propose an individual who must be accepted by us as an individual capable of becoming the Designated Operator and who must own a minimum fifty one percent (51%)

ownership interest in the Business, and such individual must successfully complete our initial training program;

In each of the instances set forth in subsections (i) and (ii) above, our then-current training fee shall be payable to us; until such training is completed, we shall have the right to take over the operation and management of the Business and charge a reasonable fee for providing our services as well as pay all monies payable to us pursuant to this Agreement;

(b) where there is more than one (1) franchisee and the death of the franchisee occurs who is not the Designated Operator, such franchisee's interest in this Agreement may be transferred to an Authorized Heir provided the Authorized Heir agrees to be bound by the provisions of this Agreement;

(c) where the provisions of subsections (a) or (b) have not been complied with, the franchisee's estate or representative (as the case may be), shall have a period of one (1) year from the date of death or establishment of permanent disability (as the case may be) in which to sell the Designated Operator's or franchisee's interest in this Agreement, subject to the provisions of Section 16 hereof. If the estate or representative (as the case may be) do not sell such interest within the said one (1) year period, we shall have the right for a period of ninety (90) days following the end of the said one (1) year period to purchase the said interest for a purchase price equal to the fair market value of the portion of the Business to be sold less twenty five percent (25%) and less, further, any amounts owed to us and/or an Associate. Fair market value shall be determined by a qualified independent valuator or chartered accountant appointed by us. If we do not exercise such option and the estate or representative (as the case may be) do not otherwise sell such interest, same shall be deemed to be an event of default under this Agreement, entitling us to terminate this Agreement and all agreements entered into pursuant hereto without further notice.

18.02 For the purposes of this Section 18, the Designated Operator shall be deemed to have a "permanent disability" if his or her usual, active participation in the Business is for any reason curtailed for a continuous period of three (3) months; in calculating such period, unless such individual has returned to his or her usual, active participation in the Business for thirty (30) consecutive working days, then the said three (3) month period shall be deemed to have continued without interruption.

## **SECTION 19 ASSIGNMENT TO ASSIGNEE CORPORATION**

We agree to consent to an assignment of this Agreement by you to an Assignee Corporation, provided (a) at the time of the assignment you are not in default of any provisions of this Agreement or any agreements entered into pursuant hereto, (b) unless such assignment occurs on the same date as the execution of this Agreement by you, you give us at least seven (7) days prior written notice of your intention to assign, (c) you do not include all or any part of the Mark as part of the name of the Assignee Corporation, (d) the Assignee Corporation agrees in writing to be bound by the provisions of this Agreement and any agreements entered into pursuant hereto on our required form, (e) you continue to remain personally liable for all obligations under this Agreement and any agreements entered into pursuant hereto, and (f) unless such assignment occurs on the same date as the execution of this Agreement by you, you pay any reasonable costs incurred by us in connection with the assignment. In the event of any assignment, you shall make available to us at the Premises all corporate records of the Assignee Corporation forthwith upon request. No additional sale, assignment, transfer or other dealing with the shares of the Assignee Corporation by you shall be made without compliance with the provisions of Section 16 of this Agreement.

## **SECTION 20 GENERAL PROVISIONS**

## 20.01 Notices

Any communication required or permitted to be given under this Agreement shall be in writing, and shall be delivered personally or by facsimile transmission or mailed by registered mail, postage prepaid, to the said parties as follows: to us at 201 Chrislea Road, Vaughan, Ontario, L4L 8N6 Canada, Fax Number (905) 856-5017; and to you at the Premises or \_\_\_\_\_, or at any such other address as the party to whom such communication is to be given, may designate by written notice as provided. Any communication, if mailed, shall be deemed to have been given on the second business day (except Saturdays and Sundays) following mailing, or, if delivered personally or by facsimile transmission, shall be deemed to have been given on the day of delivery if a business day, or if not a business day on the business day next following the day of delivery. If there is more than one of you, any communication may be given by or to any one of you and shall have the same force and effect as if given by or to all of you.

## 20.02 Your Acknowledgments

You agree that: (a) neither we nor any Associate or any of our or any Associate's partners, officers, directors, shareholders, employees or representatives nor any other Person have made or given you any representations, warranties, promises, commitments, covenants, or guarantees (oral or written) respecting (i) the subject matter of this Agreement, (ii) sales or profit to be derived or costs to be incurred by you in any way in connection with the Business and its operation or otherwise (except as may be included in Item 19 of our Disclosure Document), (iii) the amount of any working capital requirements which may be required by you for the commencement and continued operation of the Business, or (iv) that the Business will be successful; (b) in entering into this Agreement, you are not relying upon any representations, warranties, promises, commitments, covenants or guarantees (oral or written) of any kind; (c) you have had adequate time to review this Agreement and any agreements to be entered into pursuant hereto; (d) you have been advised by your own legal counsel as to the provisions of this Agreement and your obligations hereunder and you understand all such obligations; (e) you were at full liberty to discuss this Agreement with any Persons you desired including without limitation, your legal and financial advisors; (f) you have executed and delivered this Agreement and any agreements entered into pursuant hereto of your own free will and volition, without any undue influence or coercion of us, any Associate or any of our or any Associate's officers, directors, shareholders, employees or representatives nor any other Person; (g) you have conducted an independent investigation of the business venture contemplated by this Agreement, together with such financial, legal and other advisors you deem necessary, to advise and assist you with your decision to acquire this franchise; (h) you recognize that the business venture contemplated by this Agreement involves business risks and such risks may be significant; (i) you are aware that we and/or our Associates and/or all or any one or more of our and our Associate's officers, directors, shareholders, employees and representatives are and/or may become involved in other businesses and franchises which may be the same or similar to or in competition with the Business or aspects thereof and that such other businesses and/or franchises may also operate from locations located in the same vicinity, or in the same building, complex, institution or other area where the Premises may be located; (j) you do not obtain any exclusive rights of any kind, territorial or otherwise, under this Agreement except as specifically provided for by this Agreement; (k) there are factors beyond our or your control which could affect whether or not the Business may be successful including but not limited to competition, demographic patterns, consumer trends, interest rates, general economic conditions, governmental policies, weather, local laws, labor costs, lease obligations, inflation, and other conditions which cannot be accessed or anticipated, and by entering into this Agreement and any agreements entered into pursuant hereto with us you accept such risks; (l) you acknowledge that you have received the Disclosure Document required by the trade regulation rule of the Federal Trade Commission

at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment was made to us or our affiliates; and (m) you are aware of the fact that some of our franchisees may operate under different forms of agreements and, consequently, that our obligations and rights in respect to our various franchisees may differ materially in certain circumstances.

### **20.03 Independent Contractors**

You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Business does not directly or indirectly vest in us the power to hire, fire or control any such employee.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Business.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Business. Except as otherwise expressly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Garage Living Business.

### **20.04 Joint and Several Obligations**

If there is more than one of you, the obligations of each of you shall be joint and several.

### **20.05 Unenforceability**

If any provision of this Agreement shall be invalid or unenforceable, all other provisions of this Agreement shall not be affected and shall be separately valid and enforceable.

## **20.06 Grammar**

The necessary grammatical changes to make the provisions of this Agreement apply in the plural sense, where there is more than one of you shall be assumed in each case as if fully expressed. The words, “hereof”, “herein”, “hereunder” and similar expressions used in this Agreement relate to the whole of this Agreement and not to any particular section or subsection, unless otherwise expressly provided for or the context clearly indicates to the contrary. Headings preceding the text are inserted for convenience of reference and shall not affect the meaning of this Agreement. Any reference to “our” shall mean only “we” and shall not include “you”, and for the purposes of clarity, any reference to “us” means only “we” and not “you”.

## **20.07 Governing Law**

This Agreement shall be governed by the laws of the State of Delaware, and only the courts of the said state shall have jurisdiction in any matter arising out of this Agreement.

## **20.08 Time is of the Essence**

Time shall be of the essence of this Agreement.

## **20.09 Waivers Only in Writing**

The waiver by you or us of a breach of this Agreement shall not be deemed to be a waiver unless such waiver shall be in writing. No failure by us to exercise any right to demand exact compliance at any time and no custom of practice at variance with the provisions of this Agreement shall constitute a waiver of our right to demand exact compliance. The acceptance by us of any amount payable by you shall not be deemed to be a waiver of any breach of this Agreement by you other than for the failure to pay the amount so accepted and if you fail to pay any amounts owing pursuant to this Agreement, we may deduct any unpaid amounts from monies or credits held by us for your account. We may at our option, apply or allocate any monies received from you or on your behalf against any amounts owing by you pursuant to this Agreement.

## **20.10 Our Right to Sell**

We may sell any interest we have in this Agreement and the Owner may sell any interest it may have in the System and the Marks without your consent, and we and the Owner shall be relieved of any liability to you subsequent to any sale.

## **20.11 Cross Default**

If you have an ownership interest in another franchise using the System or in any other franchise business of us or any Associate, whether such interest is held directly or indirectly, and there shall be a default under this Agreement or any other agreement governing the operation of the other franchise using the System or in any other franchise business of us or any Associate, any such default shall be deemed to be a default under this Agreement and all of the other agreements, and we and/or the Associate shall be entitled to pursue all rights and remedies to which we and/or the Associate may be entitled under this Agreement and such other agreements.

## **20.12 Rights and Remedies Cumulative**

The mention in this Agreement of any particular right or remedy we or any Associate may have because of any breach by you under this Agreement shall not prevent us or the Associate from exercising any other right or remedy, whether available at law or in equity or by statute or expressly provided for herein. No right or remedy shall be exclusive or dependent upon any other and we and the Associate may exercise any one or more rights or remedies generally or in combination, same being cumulative and not alternative.

## **20.13 Further Agreements**

We and you shall execute and deliver such further agreements and do such further acts and things as may be necessary or desirable to give full effect to this Agreement.

## **20.14 Your Remedy**

Notwithstanding anything contained in this Agreement but subject to any applicable laws, you agree that in the event of any actual or alleged failure, breach or default under this Agreement by us or any Associate (i) your sole and exclusive remedy shall be against the entity then constituting us and the amount of any liability shall be limited to the lesser of the value of our assets located within the state in which the Premises is located, or the amount equal to the amount paid by you on account of the acquisition and initial setting up of the Business; (ii) no partner, officer, director, shareholder, employee or representative of us or any Associate shall be sued or named as a party to any suit or action; (iii) no judgment shall be taken against any partner, officer, director, shareholder, employee or representative of us or any Associate; (iv) no writ of execution shall be levied against the assets of any partner, officer, director, shareholder, employee or representative of us or any Associate; and (v) these covenants shall survive the termination of this Agreement for any reason and any Sale.

## **20.15 Amendments to this Agreement**

No subsequent amendment, change or addition to this Agreement shall be binding upon us or you unless same shall be in writing and signed by us and you.

## **20.16 Entire Agreement**

This Agreement constitutes the entire agreement of us and you and all prior negotiations, commitments, representations, warranties and undertakings made prior hereto (if any and whether oral or written) are hereby merged; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. There are no other inducements, representations, warranties, undertakings, agreements or promises, oral or otherwise, between us and you relating to the subject matter of this Agreement.

## **20.17 Binding Effect**

This Agreement shall be binding upon and inure to the benefit of us and you and each of our and your heirs, executors, administrators, successors and assigns.

## **20.18 Dispute Resolution by Mediation and Arbitration**

(a) We and you acknowledge that during the term of this Agreement disputes may arise between us that may be resolvable through mediation. To facilitate such resolution, we and you

agree that each party shall submit the dispute between us for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 20.18(c). If we and you cannot agree on a location, the mediation will be conducted in the State of Delaware. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

(b) If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 20.18(c).

(c) Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Delaware under the authority of Delaware Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Delaware Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association; to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Delaware Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or any non-extension or refusal of a successor term under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

#### **20.19 Litigation, Waiver of Jury Trial; Limitation of Damages, etc.**

Without in any way limiting or otherwise affecting the parties' obligations regarding binding arbitration, the parties agree that any litigation between you and us (and/or involving any of your principals or which could be brought by you or on your behalf and including matters involving any of our related entities or otherwise), whether to enforce an arbitration award or involving any litigation, dispute, controversy, claim, proceeding or otherwise between or involving you and us which is not subject to the foregoing agreement regarding arbitration (or in the event that a court having jurisdiction should hold that the foregoing agreement regarding arbitration is not enforceable) or otherwise, will be held exclusively before a court in the most immediate state judicial district and court encompassing our headquarters and having subject matter jurisdiction or (if a basis for Federal jurisdiction is present) the applicable United States District Court, the parties consenting to the exclusive jurisdiction of such court(s) and WAIVING ALL RIGHTS TO TRIAL BY JURY.

So as to achieve many of the advantages which would normally be associated with arbitration (such as lower expense, more rapid resolution of controversies, fewer protracted and complex proceedings, reduced instances of costly and time-consuming appeal, use of a more sophisticated and experienced trier of fact and law, etc.) and for the parties' mutual benefit, THE PARTIES AGREE THAT IN ANY LITIGATION BETWEEN US AND YOU (AND/OR ANY OF YOUR PRINCIPALS OR WHICH COULD BE BROUGHT BY YOU OR ON YOUR BEHALF) THE PARTIES KNOWINGLY

WAIVE ALL RIGHTS TO TRIAL BY JURY. IN ANY ARBITRATION, LITIGATION OR OTHERWISE, THE PARTIES WAIVE ALL RIGHTS TO PUNITIVE, EXEMPLARY, MULTIPLE, PAIN-AND-SUFFERING, MENTAL DISTRESS OR SIMILAR DAMAGES AND AGREE THAT THE PARTIES MAY ONLY RECOVER ACTUAL FINANCIAL LOSSES.

#### **20.20 Periods in Which to Make Claims**

(a) The parties agree that, except as provided below, no arbitration proceeding, action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by you against any person and/or entity affiliated with us), whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless such party will have commenced such arbitration proceeding, action or suit before the expiration of the earlier of (i) one hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or (ii) one (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

(b) Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern.

(c) The foregoing limitations may, where brought into effect by our failure to commence an action within the time periods specified, operate to exclude our right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent us from terminating your rights and our obligations under this Agreement as provided herein and under applicable law nor prevent us from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

(d) The foregoing limitations shall not apply to our claims arising from or related to: (1) your under-reporting of Gross Revenue; (2) your under-payment or non-payment of any amounts owed to us or any affiliated or otherwise related entity; (3) indemnification by you; (4) your confidentiality, non-competition or other exclusive relationship obligations; and/or (5) your unauthorized use of the Marks.

#### **20.21 Costs and Legal Fees**

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

#### **20.22 Step-In Rights**

If we determine in our sole judgment that the operation of your Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this

Agreement. In our sole judgment, we may deem you incapable of operating the Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Business; or we determine that operational problems require that we operate your Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Business as a going concern.

We shall keep in a separate account all monies generated by the operation of your Business, less the expenses of the Business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the step-in rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the step-in rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

## **SECTION 21 SPECIAL PROVISIONS**

21.01 Unless otherwise specified in this Agreement, any determination to be made and/or consent and/or approval to be given by us and/or where we may act in our discretion, may be made, given and acted upon by us solely on any basis and in accordance with any requirements solely determined by us and you agree we may act in an arbitrary manner and make any decision taking into account only our business judgment and interests.

21.02 You agree that certain provisions of this Agreement are intended to protect an Associate, and accordingly, such provisions may be enforced by the Associate even though the Associate is not a party to this Agreement. No Associate has any obligations to you.

The parties hereto have executed this agreement as of the day and year first above written.

FRANCHISOR:

\_\_\_\_\_  
\_\_\_\_\_  
GARAGE LIVING FRANCHISE SYSTEMS USA, INC.

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

Aaron Cash , President

(Print Name: \_\_\_\_\_)

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

FRANCHISEE (Entity):

\_\_\_\_\_

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

(Print Name: \_\_\_\_\_)

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

FRANCHISEE (Principal):

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

(Print Name)

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

FRANCHISEE (Principal):

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

(Print Name)

## SCHEDULE "A" – DEFINITIONS

(a) "Assignee Corporation" means a corporation, incorporated under any state's laws, all of whose issued and outstanding shares are registered in the name of and beneficially owned by you and such other Persons who may be first approved by us to be shareholders.

(b) "Associate" means (i) any individual, corporation or other entity who is a shareholder of us or the Owner, or (ii) any individual, corporation or other entity who is a shareholder of any corporation or other entity which is a shareholder of us or the Owner, or (iii) any individual who is related by blood or marriage to any shareholder of us or the Owner, or (iv) any party who by definition under the Business Corporations Act of the Province of Ontario, or similar law applicable in the United States, in force as at the date of this Agreement, is an "affiliate", "associate", "holding body corporate", "related person" or "subsidiary body corporate", of us or the Owner. In addition, any reference to Associate shall also be deemed to include the Owner.

(c) "Authorized Heir" means your spouse or child or children or nearest relative by blood or marriage and who acquires your interest in this Agreement.

(d) "Business" means the business operations conducted by you within the Designated Territory, and once established, the Premises, using the System and in association therewith, the Mark.

(e) "Call Center" means the centralized system, including without limitation, the location(s) and communication(s) system, set up by us and/or an Associate, for the purpose of processing orders of Products and/or Services we and/or Associate may so choose.

(f) "Computer Hardware" means the type of computer hardware we designate you acquire for use in the Business and from which the Software shall be operated.

(g) "Design Plan" means the generic plan drawn up by us and provided you, laying out in general terms the layout of the Premises, showing the approximate locations of the showroom area, the warehouse area, the office area and the washroom, as well as display areas, and the colors and materials required to be used.

(h) "Designated Territory" means the area described in Schedule "B" annexed hereto.

(i) "Designated Operator" means the individual named as the Designated Operator set forth in Schedule "E" annexed hereto, which said individual must own and you represent and warrant such individual does own at least a minimum fifty one percent (51%) of the registered and beneficial interest in the Business.

(j) "E-Mail" means any electronic mail or other network or system (including without limitation, any system set up by us for access only by our franchisees and us and presently known as that part of the Internet known as the Intranet), to permit communication by us with the franchisees who are part of the System.

(k) "Generic Software" means any computer software program used in the operation of any aspect of the System, as well as all data and information generated therefrom, which we have authorized you to use in the Business and which computer software program is not proprietary to us or any Associate but which is available for general use by the public. These systems may be changed from time to time.

(l) “Gross Revenue” means the total amount of all sales and other income (whether sales are of a retail, wholesale or other nature) derived from conducting the Business or any other activities at or from the Premises and otherwise within the Designated Territory, whether or not such amounts are collected and whether payment is made by way of cash, credit or otherwise. No allowance shall be made for bad debts. Without limiting the foregoing, Gross Revenue shall include all sales made by telephone and other electronic means, all sales generated from the Premises and all sales of any kind made in the Designated Territory. Gross Revenue shall not include any Sales Tax provided same is collected by you from customers and provided the amount of any such tax is in fact paid by you to the applicable governmental authority. Notwithstanding anything otherwise contained herein, if you conduct business in any manner outside of the Designated Territory, without limiting any rights and remedies to which we may be entitled, any revenue of any kind generated from conducting such business shall be deemed to be Gross Revenue for the purposes hereof to which we shall be entitled to receive a Royalty Fee as provided by Section 3 of this Agreement.

(m) “Landlord” means the Person from whom the right to occupy the Premises has been obtained and includes any heir, executor, administrator, successor and assign of such Person.

(n) “Lease” means any written agreement under which the right to occupy the Premises has been obtained, and any amendment made thereto and this includes, any offer to lease, license, lease agreement and renewal agreement.

(o) “Manual” means the manual(s), book(s), pamphlet(s), guideline(s), information sheet(s), directive(s), notice(s) and other document(s) prepared by us and/or the Owner and on our or the Owner’s behalf, and given to you to assist you in operating the Business, or which may otherwise be relevant to any of your obligations under the Agreement including without limitation, all information and other communications provided you by means of the Internet, Intranet and E-mail. For the purposes hereof, all of such manual(s), book(s), pamphlet(s), guideline(s), information sheet(s), directive(s), notice(s), document(s) and other form(s) of such information and communication collectively shall be deemed to make up the Manual.

(p) “Mark” or “Marks” means the trade mark(s) and/or trade name(s) described in Schedule “D” annexed hereto, and/or such other trade mark(s) and/or trade name(s) which may be used in association with the System and which you are granted the right to use (which said right is non-exclusive) and includes, without limitation, any variations of same, either alone or in combination or association with names, characters, symbols, insignias, logos, slogans, signs, emblems and otherwise. We and the Owner have the right at any time to substitute and/or discontinue use of any of the Marks.

(q) “Marketing Fund” means the fund established by us for franchisees using the System and/or the Marks, for the purpose of advertising, promotions and marketing the System and/or the Marks in any manner deemed appropriate by us.

(r) “Person” or “Persons” means any individual or individuals (whether male or female), corporation or corporations or other entity or entities or combination thereof.

(s) “Premises” means the physical location within the Designated Territory from which you are to carry on or do carry on the Business, and which is located at the municipal address or within the building, complex or development more particularly described in Schedule “B” annexed hereto.

(t) “Product” or “Products” means individually and/or collectively the items set forth in Schedule “C” hereof.

(u) “Proprietary Software” means any proprietary computer software program developed for and/or owned by us and/or an Associate, and used in the operation of any aspect of the System as well as all data and information generated therefrom, and which said program we authorize you to use in the Business.

(v) “Purchaser” means an individual person who proposes to purchase, acquire or in any other manner receive any of your interest in this Agreement or any assets of the Business.

(w) “Sale” means any proposed or actual sale, assignment, transfer, conveyance and other disposal and dealing (other than for the giving of a Security Interest) of any interest you may have in this Agreement or of any assets of the Business.

(x) “Sales Tax” or “Sales Taxes” means an amount equal to any harmonized or other retail sales taxes, goods and services taxes, value added taxes, and other taxes, assessments and amounts of a like nature imposed on us or an Associate (whether presently or in the future) with respect to any amounts payable by you to us and an Associate or otherwise under this Agreement, however characterized.

(y) “Security Interest” means any security interest, lien, mortgage, charge, hypothec, encumbrance, or other debt obligation given against any assets of the Business, provided in no event shall you grant any security interest, lien, mortgage, charge, hypothec, encumbrance or other debt obligation against any of your interest in this Agreement, or the Marks and their use.

(z) “Service” or “Services” means individually and/or collectively the services set forth in Schedule “C” of this Agreement.

(aa) “Software” means collectively the Generic Software and Proprietary Software.

(bb) “System” means the systems and methods developed by the Owner or which may hereafter be developed and/or used by the Owner and/or us, for the operation of a business specializing in the sale of the Products and the offering of the Services and includes, without limitation, the distinguishing characteristics relating to the design, appearance and color scheme of “Garage Living” locations including the type of fixtures, showcases, signs and furniture used, and the methods of selecting, purchasing, marketing, displaying and selling of the Products and the offering of the Services, and the standards of quality, service and cleanliness used in the operation of the Business.

(cc) “Term” means the period of time referred to in Section 4 hereof.

**SCHEDULE "B" – PREMISES**

“Designated Territory” means \_\_\_\_\_  
\_\_\_\_\_

“Premises” means \_\_\_\_\_  
\_\_\_\_\_

You, the undersigned, acknowledge that you have made a thorough investigation and analysis of the Premises for your Business and of the Designated Territory of the franchise and you hereby approve the same.

\_\_\_\_\_  
Franchisee (Print Name)

\_\_\_\_\_  
Signature

The undersigned officer of Franchisor hereby approves the above described Business location.

INC. GARAGE LIVING FRANCHISE SYSTEMS USA,

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE “C” – PRODUCTS AND SERVICES**

“Product” or “Products” individually and/or collectively means \_\_\_\_\_

\_\_\_\_\_ and such other products as we may authorize as part of the System from time to time; we have the right at any time to substitute or require you to discontinue the sale of any Product.

“Service” or “Services” individually and/or collectively means \_\_\_\_\_

\_\_\_\_\_ and such other services as we may authorize as part of the System from time to time; we have the right at any time to substitute or require you to discontinue the sale of any Service.

**SCHEDULE “D” – MARK/MARKS**

The trademarks for which a non-exclusive license is granted to you during the Term are as follows. The Owner has applied for registration of these Marks on the Principal Register of the United States Patent and Trademark Office.

<b>Proprietary Mark</b>	<b>Application Date</b>	<b>Serial Number</b>	<b>Registration Date</b>	<b>Registration Number</b>
Garage Living (word mark)	5/28/2013	85/943,653	4/5/2016	4,932,779
Garage Living (logo mark)	5/28/2013	85/943,660	4/5/2016	4,932,780
OPEN UP TO AN ORGANIZED GARAGE (word mark)	5/28/2013	85/943,661	3/29/2016	4,927,853

**SCHEDULE "E" – DESIGNATED OPERATOR**

For the purpose of this Agreement, each of you designate the following individual to be the Designated Operator throughout the Term and any Successor Franchise Agreement (if such is the case), unless we otherwise agree upon a change as evidenced by us in writing.

Designated Operator: \_\_\_\_\_ .

**SCHEDULE "F" – OWNERSHIP**

<u>Name of Owner</u>	<u>Percentage of Ownership of Franchise Business</u>
(1)	%
(2)	%
(3)	%

## **SCHEDULE “G” – RESERVATION OF RIGHTS**

Notwithstanding any rights granted you to operate a “Garage Living” Business at the Premises within the Designated Territory, as set forth in this Agreement, including without limitation in Section 2 of this Agreement, we, on behalf of ourselves and our Associates, reserve the rights set forth hereafter within the Designated Territory. The exercise of such rights by us and any Associate within the Designated Territory, on such terms and conditions as we or such Associate deem appropriate, shall not be a violation of any rights granted you pursuant to this Agreement:

(a) the right to produce, distribute, market and sell the Products and Services using the Marks, and other products the same or similar to those Products and Services offered by you, anywhere we shall determine, and by any means of distribution (other than through a location physically located within the Designated Territory) including without limitation, through national chain stores (not physically located within the Designated Territory), catalogue sales or mail order sales; we shall not, directly or indirectly, operate or authorize any other Person to operate a physical outlet within the Designated Territory;

(b) without limiting the provisions of subsection (a) above, the right to market and offer for sale, the Products and the Services and products and services the same or similar to those Products and Services offered by you, whether using the Marks or similar or other marks or names, through any global communication network including without limitation through the Internet and any web-site(s);

(c) the right to own, establish, operate, license and franchise other Persons, the right to own, and operate “Garage Living” locations anywhere we shall determine outside of the Designated Territory, whether using the Marks or similar or other marks or names;

(d) the right to own, establish, operate, license and franchise other Persons, the right to own, and operate locations offering dissimilar products and services to those Products and Services offered by you whether inside or outside the Designated Territory;

(e) the right to acquire the assets or interests of any business providing products and services the same or similar to those Products and Services offered by you, and to create any business arrangements with respect to any such business once acquired as we may determine, wherever such business is located or operating, including within the Designated Territory;

(f) the right to be acquired (regardless of the form of transaction) by another business providing products and services the same or similar to those Products and Services offered by you, even if such business operates by any method, competitive businesses to the Business, inside the Designated Territory.

## SCHEDULE "H" – RESTRICTIONS

Notwithstanding any rights granted to you to operate a "Garage Living" Business at the Premises within the Designated Territory, you agree that you shall strictly and unconditionally comply with the following restrictions and obligations in your operation of the Business:

(a) you shall not sell, advertise, promote, market, carry on or otherwise conduct any activities whatsoever outside of the Designated Territory related in any manner to the Business including without limitation, you shall not sell any Products or offer any Services to be performed outside of the Designated Territory. Notwithstanding the generality of the foregoing, you will not be deemed to be in violation of this Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory;

(b) you shall not solicit customers outside of the Designated Territory including without limitation, you shall not attend at any commercial business or enterprise outside of the Designated Territory for the purpose of soliciting sales or attracting customers to deal with the Business, unless the customer is located in an area where there is not another Garage Living Business in operation. If you do provide Products and Services outside of your Designated Territory, then when the area is sold to another franchisee you must stop providing Products and Services to those customers;

(c) you shall not initiate or conduct advertising, marketing or otherwise promote the Business outside of the Designated Territory; you do acknowledge however, other franchisees located outside of the Designated Territory who do initiate advertising, promotions and marketing from within their own territory (such as by way of example, newspaper and radio advertisements) may reach customers or potential customers within the Designated Territory; in such circumstance, this will not be a violation of the rights granted by us to you; and neither we nor any of our franchisees shall have any liability or be responsible in any manner to you;

(d) you shall not operate the business vehicle used in connection with the Business outside of the Designated Territory;

(e) that a Person or customer living within the Designated Territory may attend the location of us or other "Garage Living" franchisees located outside the Designated Territory and vice versa; in such circumstance, this will not be a violation of the rights granted by us to you and neither we nor any of our franchisees shall have any liability or be responsible in any manner to you. As for customers living within your Designated Territory but attending any of our locations, we will use reasonable efforts to pass along such ~~eustomer~~customers to you, and if we become aware of other of our franchisees operating outside of the Designated Territory attempting to deal with customers located within your Designated Territory, we will use our reasonable efforts to pass such ~~eustomer~~customers on to you;

(f) you shall not carry out any activity or offer special business terms, to any customer living outside of the Designated Territory whom you may have dealt with so as to encourage such customer to remain your customer. Any determination made by us shall be binding upon you including our right to determine whose customer such a customer shall be, whether you, us or another franchisee;

(g) if a commercial customer from outside the Designated Territory requests you sell Products or provide Services, you cannot service the customer, and you must refer such customer to us to determine how the prospective account is to be dealt with;

(h) if a commercial customer located within the Designated Territory for any reason chooses not to conduct business with you but would rather transact business with another of our franchisees or ourselves, you must refer such a customer to us to determine how the prospective account is to be dealt with. If we choose to refer such a customer to another franchisee or maintain such customer for our own account, you agree that this shall not be a violation of the territorial rights granted by us to you and neither we nor any of our franchisees shall have any liability or be responsible in any manner to you;

(i) you shall not acquire, whether directly or indirectly, an interest of any kind nor shall you be involved in any manner in any other business (other than the Business) which may be similar to or otherwise competitive with the Business, as same may be determined by us, without our prior written consent. Without limiting any other rights or remedies to which we may be entitled in the event you commit a breach of this provision, all revenues generated from any such business shall be deemed to be Gross Revenue for the purposes of this Agreement for which we shall be entitled to receive a Royalty Fee on the basis set forth in Section 3 of this Agreement. In addition, if we approve of your acquisition of such a business, you shall carry on such business as a “Garage Living” outlet only, and unless otherwise determined by us in writing, such business shall be deemed to be a part of the Business referred to in this Agreement to which all of the provisions of this Agreement shall apply. You shall execute such form of documentation to evidence the foregoing as we shall determine.

## SCHEDULE "T" – CALL CENTER

We and/or an Associate may choose to operate a Call Center for the purpose of processing the delivery of orders of Products and Services for our own and our "Garage Living" franchisees. As a franchisee using the System, subject to the provisions set forth herein, you will be entitled to participate in the Call Center. For each order processed through the Call Center in which you will be providing the Product or Service, you will be required to pay us the amount we so determine from time to time. We and/or any Associate have the right to set guidelines in our and/or our Associate's discretion. Provided you are not in default of any provisions of this Agreement or any agreement entered into pursuant hereto, we and our Associates will use our best efforts to determine the orders of customers located within the Designated Territory and made through the Call Center will be forwarded to you; however, we and any Associate do not make or give you any promise, representation or guarantee that there will not be an error and an order, even where the customer is located within your Designated Territory, will be processed through your Premises. We and any Associate shall not be liable or otherwise responsible in the event of an error. You agree that we and any Associate may discontinue the use of and close the Call Center on a temporary or permanent basis at any time we so determine.

All orders processed by you at the Premises will be processed and delivered in accordance with the guidelines we and any Associate may establish. By way of example but without limitation, guidelines may include reference to time of delivery, packaging, driver behavior and how to deal with incorrect and missing orders. If it is determined by us and/or our Associate that orders are not being processed and delivered by you in accordance with the guidelines, you shall take immediate steps to comply with such guidelines, failing which we and such Associate shall have the right, without limiting any other of our and/or such Associate's rights and remedies, to exclude you from participation in the Call Center or in processing any orders until such time as you demonstrate you have taken the remedial steps required by us and/or such Associate. As well, you must ensure that all individuals employed by you and who are involved in any manner in the processing of orders through the Call Center are fully qualified in accordance with our required standards; in this regard, the Designated Operator and any of your employees who are involved in such process must complete our required training. If there is no individual at the Premises who has successfully completed such training, we shall have the absolute right not to consider processing or process any Call Center orders to you. In addition, if we determine in our discretion that any of these individuals do not meet our standards, you shall cease allowing such ~~individual~~individuals to be involved in this process until such time as the individual qualifies in accordance with our required standards. If we and/or such Associate receive a complaint from a customer as to how you processed or delivered an order, we and/or such Associate shall make a determination as to whether the customer's complaint was caused because of the mistake of the Call Center or on account of how you processed and/or delivered the order. In making such an assessment, we and such Associate will act on a reasonable basis but any finding we and/or such Associate may make is final in determining how the complaint is dealt with. With respect to the customer, we, any Associate and you will act on the basis of the policy that the "customer is always right".

We shall have the right at any time during the Term to institute, and you shall be required to pay us, a reasonable processing charge for each order processed and/or a reasonable monthly charge for the right to access the Call Center, at such time as we shall determine.

Notwithstanding anything otherwise contained herein, and as stated, without limiting any other rights and remedies to which we may be entitled, if you are in default under any of your obligations under this Agreement or any agreements entered into pursuant hereto, we and an Associate shall have the right to cease referring any orders to you for processing through the Call Center. If at the time you are in default of any of your obligations under this Agreement or any agreements entered into pursuant hereto, notwithstanding your right to access the Call Center has been suspended, if at such time a fee for Call Center processing has been established, you shall continue to be responsible to pay any then required fee.

**SCHEDULE “J” – CONFIDENTIALITY AND**  
**NON-COMPETITION AGREEMENT**  
**(for trained employees, shareholders, officers, directors,  
general partners, members and managers of Franchisee)**

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from Garage Living Franchise Systems USA, Inc. (the “Company”) to establish and operate a Garage Living business (the “Business”) and the right to use in the operation of the Business the trade names, service marks, trademarks, logos, emblems, and indicia of origin designated by the Company (the “Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the “Premises”).

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Businesses, which provide design, supply and installation of residential garage organizers, cabinetry and concrete floor coatings. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals (the “Manuals”), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, a Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Designated Territory, as defined in the Franchise Agreement ("Franchisee's Designated Territory");

7.2 ~~Sixty (60)~~Twenty-five (25) miles of Franchisee's Designated Territory; or

7.3 ~~Sixty (60)~~Twenty-Five (25) miles of any Business operating under the System and the Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

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

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the state where the Business is located. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Title

**ACKNOWLEDGED BY FRANCHISEE**

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

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

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

**SCHEDULE "K" – COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned ("Assignor") assigns, transfers and sets over to Garage Living Franchise Systems USA, Inc., a Delaware corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as \_\_\_\_\_. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Garage Living business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:

ASSIGNOR:

GARAGE LIVING FRANCHISE SYSTEMS  
USA, INC.

\_\_\_\_\_

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

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

**CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor’s failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor’s delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor’s defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant’s obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Garage Living business.

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_, Lessor

**SCHEDULE “L” – CONTINUING GUARANTY**

(To be used to guaranty the obligations of a corporate or limited liability company you  
or to guaranty the obligations of a franchisee other than the guarantor)

\_\_\_\_\_ (hereinafter referred to as “Guarantor”) whose address is \_\_\_\_\_, as a material inducement to and in consideration for GARAGE LIVING FRANCHISE SYSTEMS USA, INC. (hereinafter referred to as “we”, “us” or “our”) entering into a Franchise Agreement (the “Franchise Agreement”) with \_\_\_\_\_ (hereinafter referred to as “Franchisee”), dated \_\_\_\_\_, 20\_\_\_\_, unconditionally guarantees and promises to and for our benefit that Franchisee shall perform faithfully and completely all of the provisions, obligations and duties that Franchisee has agreed to perform under the Franchise Agreement and/or any other obligations undertaken or to be undertaken by Franchisee in favor of us or our parent, subsidiary, or affiliated corporation, corporations, individuals or other entities.

If Guarantor is more than one (1) person, Guarantor’s obligations are joint and several. Guarantor’s obligations are also independent of Franchisee’s obligations. A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against Franchisee, or any or all of them, or whether any other Guarantor or Franchisee is or are jointed in the action.

Guarantor waives the benefit of any statute of limitations or other provision of law which in any way affects or limits Guarantor’s liability under this Guaranty.

The provisions of the Franchise Agreement or other obligation involving Franchisee may be changed between us or other concerned party or entity and Franchisee at any time and in any manner, either by written or oral agreement, by operation of law, by course of conduct, or otherwise, without the consent of or notice to Guarantor. This Guaranty shall continue to guaranty the performance of Franchisee under the Franchise Agreement and/or other obligation as so modified without further agreement or act of Guarantor being required.

Assignment by Franchisee or by us of the Franchise Agreement or other obligation as permitted in that Agreement or other obligation shall not affect this Guaranty and the obligations of Guarantor hereunder shall carry over to the transferee of either party to the Franchise Agreement or other obligation.

This Guaranty shall not be affected nor the obligations of Guarantor hereunder limited in any way by our delay in enforcement or failure to enforce any of our rights under the Franchise Agreement, other guaranteed obligation, or under this Guaranty.

If Franchisee commits a breach of the Franchise Agreement, or other guaranteed obligation, we can proceed immediately against Guarantor or Franchisee, or both, or we can enforce against Guarantor or Franchisee, or both, any rights which we have under the Franchise Agreement, other obligation, or pursuant to applicable law, or both. If the Franchise Agreement or other obligation terminates, we can enforce any rights we have following such termination against Guarantor, Franchisee, or both, without giving prior notice to Guarantor, Franchisee, or either, and/or without making demand on Guarantor, Franchisee, or either.

Guarantor waives the right to require us to proceed against Franchisee before proceeding against Guarantor, to proceed against or exhaust any security that we hold from Franchisee, Guarantor, or any

other source, and/or to pursue any other remedy available to us prior to proceeding against Guarantor, Franchisee, or either. Guarantor further waives any defense available to Guarantor, Franchisee, or either, by reason of any disability of Franchisee, and further waives any other defense based on the termination or limitation of Franchisee's liability by reason of any cause, event, term or condition, including any defense or limitation available by operation of law.

Until all of Franchisee's obligations to us have been satisfied and discharged in full, Guarantor waives any right of subrogation against Franchisee. Guarantor waives any right it may have to enforce any remedies that we may now have against Franchisee, or may have at a later time. Guarantor further waives all presentments, protests, demands of any type, notices of any type, including notices of protest, notices of dishonor, and notices of acceptance of this Guaranty. Guarantor waives the foregoing as to present and/or future obligations and specifically waives any and all notices of the existence, creation or incurrence of any new or additional obligations of Franchisee to us.

If we are required, in our discretion, to enforce Guarantor's obligations under this Guaranty by legal proceedings, and/or by the employment of an attorney, or are required to take any other or additional collection or other action to enforce our rights hereunder, Guarantor agrees to pay to us all costs incurred by us in such proceedings, action and/or employment, including court costs, costs of suit, and attorneys' fees.

This Guaranty shall be binding upon Guarantor, and each and all of them, if more than one (1), and upon his, her, its or their successors, representatives and assigns.

Executed at \_\_\_\_\_ on \_\_\_\_\_,  
20\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Typed or Printed Name

**SCHEDULE “M”**

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Garage Living Franchise Systems USA, Inc., a Delaware corporation headquartered at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s), \_\_\_\_\_, an individual, residing at \_\_\_\_\_, and \_\_\_\_\_, an individual, residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Garage Living business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Garage Living brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Listings**

2.1 **Interest in Web Sites, Social Media Accounts, Other Electronic Listings and Software.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, the right to hyperlink to certain web sites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware, without regard to the application of Delaware conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

GARAGE LIVING FRANCHISE SYSTEMS USA, INC.

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

\_\_\_\_\_, Aaron Cash, President

(Print Name, Title)

~~FRANCHISEE: (Entity):~~

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_

(Print Name, Title)

~~PRINCIPAL:FRANCHISEE (Principal):~~

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

~~PRINCIPAL:FRANCHISEE (Principal):~~

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

**EXHIBIT C-2**  
**SECONDARY MARKET ADDENDUM**

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**ADDENDUM TO THE GARAGE LIVING FRANCHISE SYSTEMS USA, INC., FRANCHISE AGREEMENT**

**This Addendum** (the “Addendum”) is being entered into this day of \_\_\_\_\_, (the “Effective Date”) by and between Garage Living Franchise Systems USA, Inc., a Delaware corporation having its principal place of business at 201 Chrislea Road, Vaughan, Ontario, Canada, L4L 8N6 (“Franchisor” “we” “our” or “us”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ (herein “Franchisee”).

**WHEREAS**, Franchisor and Franchisee are parties to a franchise agreement of even date herewith which grants Franchisee the rights to establish a Garage Living® franchise in accordance with said agreement (the “Franchise Agreement”);

**WHEREAS**, Franchisee elects, with Franchisor’s consent, to participate in Franchisor’s Secondary Market Franchise Program; and

**WHEREAS**, Franchisor and Franchisee desire to amend the Franchise Agreement as set forth herein.

**NOW, THEREFORE**, in consideration of the mutual promises contained in the Franchise Agreement and this Addendum, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Section 3.01 of the Franchise Agreement is hereby amended to state that the Initial Franchise Fee payable is Thirty Thousand Dollars (\$30,000.00). The foregoing fee is due and payable upon execution of the Franchise Agreement and this Addendum and is not refundable under any circumstances.
2. Section 3.02(a) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

“(a) A continuing and non-refundable royalty fee equal to Two Thousand Dollars (\$2,000.00) per month. Unless otherwise required, you shall pay each Royalty Fee on or before the first business day of each calendar month.”
3. Section 4.01 of the Franchise Agreement relating to Term of Agreement is hereby amended to delete “fifth (5th)” and replace with “second (2nd)”.
4. Section 3.02(b) of the Franchise Agreement relating to Marketing Fund is hereby deleted in its entirety and replaced with the following:

“(b) A continuing and non-refundable Marketing Fee in an amount equal to One Thousand Four Hundred Dollars (\$1,400.00) per month, payable at the same time and in the same manner as the Royalty Fee. You understand and acknowledge that upon thirty (30) days’ prior written notice to you, we may increase the Marketing Fee up to One Thousand Six Hundred Dollars (\$1,600.00) per month.”

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5. The table in Section 8.07 relating to Gross Revenue Requirements is hereby deleted in its entirety and replaced with the following table:

<b>Period</b>	<b>Average Gross Revenue</b>
First Year of Operation	\$30,000 per month
Second Year of Operation	\$40,000 per month

Except as amended hereby, all other terms and provisions of the Franchise Agreement shall continue in full force and effect. In the event of any conflict or ambiguity between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall control.

All capitalized terms not defined herein shall have the same meaning as given in the Franchise Agreement.

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The parties hereto have duly signed and executed this Addendum to the Garage Living Franchise Systems USA, Inc., Franchise Agreement as of the day and year first above written.

FRANCHISOR:  
GARAGE LIVING FRANCHISE SYSTEMS USA, INC.

By: \_\_\_\_\_  
\_\_\_\_\_  
Aaron Cash, President  
(Print Name, Title)

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

By: \_\_\_\_\_  
\_\_\_\_\_  
(Print Name, Title)

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**EXHIBIT D**

**LIST OF FRANCHISEES**

(as of December 31, ~~2024~~)

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**FRANCHISEES OPEN**

<b>Alabama</b>	
<b>Garage Living of Birmingham</b> Cobb Pearson 2242 NW Pkwy SE L Marietta, GA 30067 404-946-5836	
<b>Arizona</b>	
Garage Living of Phoenix Alex Penna 3101 North Central Avenue, Ste 183 Phoenix AZ 85012 602-626-3567	
<b>Arkansas</b>	
Garage Living of Arkansas (Little Rock) Denton McDonald 441 Llama Drive Searcy, AR 72143 US 501-203-4142	
<b>California</b>	
Garage Living of Palm Springs Thomas Greschner 78595 Hwy 111, Suite 100 La Quinta, CA. 92253 T: 760-991-5444	Garage Living of San Francisco Tal Aviram 2641 Barrington Court Hayward, CA 94545 925-444-5369
<b>Connecticut</b>	
Garage Living of Connecticut Richard Cunningham 136 Water Street Norwalk, CT 06854 203-945-0750	
<b>Colorado</b>	
Garage Living of Denver John Sorenson 10790 W. 50th Ave Unit 900 Wheat Ridge, CO 80033 US 720-292-3234	
<b>Florida</b>	
Garage Living of Jacksonville Paul Anderson/Scott Molander 8570 Phillips Highway, Suite 113 Jacksonville, FL 32256 904-564-9951	Garage Living of South East Florida – Miami/Dade Marc Julien 755 NW 17th Avenue, Suite 104, Delray Beach FL 33445 561-281-8992

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Garage Living of South East Florida –Broward Marc Julien 755 NW 17th Avenue, Suite 104, Delray Beach FL 33445 561-281-8992	Garage Living of South East Florida – Palm Beach Marc Julien 755 NW 17th Avenue, Suite 104, Delray Beach FL 33445 561-281-8992
*Garage Living of Orlando Nicolas Delauzon 4303 Vineland Rd, Suite F-15 Orlando, FL 32789 407-951-7918	Garage Living of Naples Thierry Graber 9201 Cockleshell Court Bonita Springs, FL 34135 239-300-9717
Garage Living of Tampa Rusty Halm 18786 Cortez Blvd Brooksville, FL 34601 352-458-3095	
<b>Georgia</b>	
Garage Living of Atlanta Cobb Pearson 2242 NW Pkwy SE L Marietta, GA 30067 404-946-5836	
<b>Illinois</b>	
Garage Living of Central Chicago Mark and Donna Tavolino 12301 New Ave Ste D Lemont, IL 60439 630-300-0040	Garage Living of Arlington Heights Mark and Donna Tavolino 12301 New Ave Ste D Lemont, IL 60439 630-300-0040
<b>Indiana</b>	
Garage Living of Indianapolis Bill LePage and Scott Molander 9521 Valparaiso Ct Indianapolis, IN 46268 317-386-6090	
<b>Massachusetts</b>	
Garage Living of Boston Rich Cunningham 6 Kane Industrial Dr, Hudson, MA 01749 617-264-0505	
<b>Michigan</b>	
Garage Living of Detroit Michael Greco and Scott Molander 32441 Northwestern Hwy Farmington Hills, MI 48334 248-432-0440	
<b>Missouri</b>	
Garage Living of St. Louis Zach Jennings 9100 Midland Blvd	

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St. Louis, MO 63114 314-931-0444	
<b>Nebraska</b>	
Garage Living of Omaha Theresa and Chad Nelson 10639 S. 191 Ave Omaha, NB 68136 402-913-0028	
<b>New Jersey</b>	
Garage Living of New Jersey John Anthony Pitera 483 Hwy 79 Marlboro, NJ 07751 732-944-0229	
<b>New York</b>	
Garage Living of Long Island Steven Anderson 240 Glen Head Rd, Suite 5 Glen Head, NY 11545 516-842-7243	
<b>North Carolina</b>	
Garage Living of Raleigh Garry Corts and Danielle Myers 8198 Buffalo Road Selma, North Carolina 27576 919-300-4052	Garage Living of Charlotte Scott Liseno 340 Seagle St. Suite 13 Huntersville, NC 28078 704-897-7298
<b>Ohio</b>	
Garage Living of Cleveland John Lascola 4949 Galaxy Pkwy suite i, Warrensville Heights, OH 44128 216-242-6692	Garage Living of Cincinnati Matt Ziebro 11257 Williamson Rd, Blue Ash, OH 45241 513-449-9675
Garage Living of Columbus 818 Morrison Rd Gahanna, OH 43230 614-440-9161	
<b>Oklahoma</b>	
Garage Living of Oklahoma City Mark Lenhart 858 Consortium Crt London, ON N6E 2S8 226-636-0585	
<b>South Dakota</b>	
Garage Living of Sioux Falls Jim Kadoun 1312 W 41st St Sioux Falls, SD 57105 605-368-8180	

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<b>Tennessee</b>	
Garage Living of Nashville Jeff Beck and David Wolfe 2324 Winford Ave Nashville, TN 37211 615-669-9388	
<b>Texas</b>	
Garage Living of Dallas Conway Reimer 4422 Spring Valley Rd Dallas, TX 75244 214-416-0279	Garage Living of Austin Thomas Rutledge 11500 Metric Blvd. Suite 410 Austin, TX 78758 512-522-5940
Garage Living of Fort Worth Conway Reimer 4422 Spring Valley Rd Dallas, TX 75244 214-416-0279	Garage Living of Houston Steven Hempel 6040 Brittmoore Rd, Suite I Houston, TX 77041 832-280-8001
Garage Living of San Antonio Thomas Rutledge 11500 Metric Blvd. Suite 410 Austin, TX 78758 512-522-5940	
<b>Utah</b>	
Garage Living of Salt Lake City Chris Barrett 13976 South 2055 West Bluffdale, UT 84065 801-803-0378	
<b>Washington, DC/Virginia</b>	
Garage Living of Washington D.C. Paul Fritz 44810 Old Ox Road, #100 Dulles, VA 20166 571-406-1234	Garage Living of Richmond Chase Schmidt 1700 Douthit Ct. Powhatan, VA 23139 804-424-0084
<b>Washington State</b>	
Garage Living of Seattle Tal Aviram 14101 NE 186th St Woodinville, WA 98072 206-949-9148	
<b>Wisconsin</b>	
Garage Living of Milwaukee John Sorenson 814 Rose Drive Hartland, WI 53029 262-528-2008	

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**INTERNATIONAL**

<b>Canada</b>	
Garage Living Toronto (Corporate) Daniel Albo 201 Chrislea Rd Vaughan, ON L4L8N6 905-856-7175	Garage Living Calgary Mike and Charmaine Reiber 4046 96th Ave SE Calgary, AB T2C 4R5
Garage Living Vancouver Lance Sparling 8331 Eastlake Dr #110 Burnaby, BC V5A 4W2 778-379-7560	Garage Living of Ottawa Ryan Waterman 106 Schneider Rd Unit A Ottawa, ON K2K 1Y2 613-224-9898
Garage Living of Winnipeg Brian Friesan 981 Main St Winnipeg MB R2W 3P6	Garage Living of London Todd Hynes 858 Consortium Crt London, ON N6E 2S8 226-636-0585
<u>Garage Living of Moncton</u> <u>Zach Holmden</u> <u>435 Shediac Rd.</u> <u>Moncton, NB E1A2T3</u> <u>506-875-8162</u>	
<b>Australia</b>	
Garage Living of Sydney Drew Arthur/John Merritt <u>11/9 Bermill Street, Rockdale, NSW, 2216</u> <u>+61-02-4257-1594</u>	Garage Living of Melbourne Drew Arthur/Trent Peatling <u>Unit 4/36 Aylesbury Dr.</u> <u>Altona VIC 3018,</u> <u>+61 3 9592 6276</u>

**FRANCHISEES SIGNED, but Not Opened**  
(as of December 31, 2024)

**None.**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**  
(as of December 31, 2024)

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Altona, VIC 3018¶
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02 4257 1594
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**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

Garage Living of Edmonton Cameron Johnson 5228 75 Street NW. Edmonton, AB T6E 6S3 780-540-8787	Garage Living of Regina Colson Langley 1039 Park Street, Regina, SK S4N 5H4 306-790-7724
--	--

<b>Transfers</b>	
Binh Viet Truong and Tu Lee 6858 S University Blvd., Unit 150 Centennial, CO 80122 720-292-3234	Ted Wettstein 4303 Vineland Rd Suite F-15 Orlando, FL 32811 407-951-7918

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**APPENDICES:**

**APPROVED SUPPLIERS**

**EQUIPMENT AND INVENTORY**

**FINANCIAL STATEMENTS**

**FORMS**

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**EXHIBIT F**  
**FINANCIAL STATEMENTS**

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**EXHIBIT G**

**FORM OF GENERAL RELEASE**

THIS AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between Garage Living Franchise Systems USA, Inc., a Delaware corporation having its principal place of business located at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ with a principal address at \_\_\_\_\_ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

**1. Release by Releasor:**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

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4. Delaware law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Delaware.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

[Washington Residents: the release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness: \_\_\_\_\_ RELEASOR:  
\_\_\_\_\_  
(Name)

Witness: \_\_\_\_\_ GARAGE LIVING FRANCHISE SYSTEMS  
\_\_\_\_\_  
USA, INC.:

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

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**\*NOT FOR USE IN CALIFORNIA**

**\*Do not sign this Acknowledgement Statement if you are a resident of Maryland or the business is to be opened in Maryland.**

**\*Do not sign this Acknowledgement Statement if you are a resident of Washington or the business is to be opened in Washington.**

**EXHIBIT H-1**

**GARAGE LIVING ACKNOWLEDGEMENT STATEMENT**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

**No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.**

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are

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made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Garage Living Franchise Systems USA, Inc. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

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11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE GARAGE LIVING FRANCHISE SYSTEMS USA, INC., GARAGE LIVING OF ONTARIO, INC., AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

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

PRINCIPAL:

\_\_\_\_\_

(Print Name)

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

PRINCIPAL:

\_\_\_\_\_

(Print Name)

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

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**\*Do not sign this Acknowledgement Statement if you are a resident of Maryland or the business is to be opened in Maryland.**

**EXHIBIT H-2**

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**GARAGE LIVING ACKNOWLEDGEMENT STATEMENT**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

**No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.**

**The acknowledgement statement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

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\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents,

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\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
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6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
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\_\_\_\_\_  
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\_\_\_\_\_  
Initial

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\_\_\_\_\_  
Initial

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11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE GARAGE LIVING FRANCHISE SYSTEMS USA, INC., GARAGE LIVING OF ONTARIO, INC., AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

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

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

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

PRINCIPAL:

\_\_\_\_\_

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

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

PRINCIPAL:

\_\_\_\_\_

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

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**STATE EFFECTIVE DATES**

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b><u>STATE</u></b>	<b><u>EFFECTIVE DATE</u></b>
<u>California</u>	<u>Pending</u>
<u>Illinois</u>	<u>Pending</u>
<u>Indiana</u>	<u>Pending</u>
<u>Maryland</u>	<u>Pending</u>
<u>Minnesota</u>	<u>Pending</u>
<u>New York</u>	<u>Pending</u>
<u>Virginia</u>	<u>Pending</u>
<u>Washington</u>	<u>Pending</u>
<u>Wisconsin</u>	<u>Pending</u>

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**¶ FORM OF GENERAL RELEASE¶**

THIS AGREEMENT ("Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Garage Living Franchise Systems USA, Inc., a Delaware corporation having its principal place of business located at 201 Chrislea Road, Vaughan, Ontario, Canada L4L 8N6 (the "Franchisor"), and \_\_\_\_\_, a \_\_\_\_\_ with a principal address at \_\_\_\_\_ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:¶

**1. Release by Releasor:¶**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.¶

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported (...)

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 Indiana September 9, 2024 ¶  
 Maryland Pending¶  
 Minnesota June 12, 2024¶  
 New York Pending¶  
 Virginia April 29, 2024¶  
 Washington Pending¶ (...)

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**EXHIBIT G**

**RECEIPT**

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

If Garage Living Franchise Systems USA, 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.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Garage Living Franchise Systems USA, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Aaron Cash, 201 Chrislea Rd. Vaughan, ON, L4L8N6, Canada, (905) 856-7175

Issuance Date: April 11, 2025

I received a Disclosure Document dated April 11, 2025, that included the following Exhibits:

- A State Agencies/Agents for Service of Process
- B Multi-State Addendum
- C1 Franchise Agreement
- C2 Secondary Market Addendum
- D Franchised Outlets
- E Table of Contents of Operations Manual
- F Financial Statements
- G Form of General Release
- H Acknowledgment Statement  
State Effective Dates
- I RECEIPT

Date Received: \_\_\_\_\_ DATE: \_\_\_\_\_  
(If other than date signed)

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

Please return signed receipt to Garage Living Franchise Systems USA, Inc.  
201 Chrislea Road  
Vaughan, Ontario, Canada L4L 8N6

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**RECEIPT**

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If Garage Living Franchise Systems USA, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Aaron Cash, 201 Chrislea Rd. Vaughan, ON, L4L8N6, Canada, (905) 856-7175

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- G Form of General Release
- H ~~Acknowledgment Statement~~  
State Effective Dates
- I RECEIPT

Date Received: \_\_\_\_\_ DATE: \_\_\_\_\_  
(If other than date signed)

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

**KEEP FOR YOUR RECORDS**

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