

FRANCHISE DISCLOSURE DOCUMENT



PatchMaster Franchise, LLC
A Delaware limited liability company
57 Main Street
Chester, NJ 07930
844-PATCHMAN
info@patchmaster.com
www.PatchMaster.com

~~You will~~We offer franchises
drywall and other wall surface
to residential and commercial



for businesses offering
repair and related services
customers (~~the~~

~~“Franchised Business”). The initial~~under the name “PatchMaster®.” The total investment necessary to
begin operations of a PatchMaster® franchise with one licensed service area ranges from ~~\$87,350~~122,950
to ~~\$112,850~~157,950. This ~~amount~~ includes ~~\$78,350~~93,875 that must be paid to the ~~F~~franchisor or its
affiliates. The ~~initial~~total investment necessary to begin operations of a PatchMaster-~~3-pack~~® franchise,
~~where you concurrently purchase 3 franchise territories, with three licensed service areas~~ ranges from
~~\$151,350~~195,950 to ~~\$188,350~~242,450. This amount includes ~~\$138,350~~153,875 that must be paid to the
~~F~~franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient
~~to~~for you. To discuss the availability of disclosures in different formats, contact Paul Ferrara, 88 East
Main Street #345, Mendham, NJ 07945 or (973) 944-4900 x 404.

The terms of your contract will govern your franchise relationship. ~~Do not~~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~~D.C. 20580. You can also visit the FTC's home page at
~~www.ftc.gov~~www.ftc.gov for additional information. Call your state agency ~~listed on Exhibit F~~ 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.

Date of Issuance: April 28, 2025~~THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS~~
MAY 15, 2024

How to Use ~~F~~This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by ~~mediation~~arbitration and/or litigation only in New Jersey. Out-of-state ~~mediation~~arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to ~~mediate~~, ~~arbitrate~~, or litigate with the franchisor in New Jersey than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **LimitedShort Operating History.** The franchisor is at an early stage of development and has ~~limited~~a short operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Sales Performance Requirement**~~d~~. 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.
5. **Use of Franchise Brokers.** ~~The franchisor~~We may use the services of one or more franchise brokers(s) or referral sources to assist ~~it~~us in selling our franchises. A franchise broker or referral source 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 us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do~~ your own investigation ~~by contacting the franchisor's current and former~~of the franchisees ~~to ask them about their experience with the franchisor.~~

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

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

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

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits the franchisor to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to 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 provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Franchise Agreement 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 if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent the franchisor from exercising its right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonably qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the

franchisor.

(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 you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the 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 it 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 you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to you 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:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Note: We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration ~~provisions~~[section in the franchise agreement](#). We will seek to enforce this section as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

PATCHMASTER FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT
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~~ITEM 1~~ ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language ~~used~~ in this disclosure document (“Disclosure Document,”), the words “we,” “our,” and/or “us” ~~means~~ refer to PatchMaster Franchise, LLC, the ~~F~~franchisor. “You” and “your” ~~or~~ “franchisee” ~~means~~ refer to the person who ~~purchases~~ buys the franchise ~~from us, the franchisee, whether you are a corporation, limited liability company, or other business entity.~~ If you are a corporation, ~~partnership,~~ limited liability company or other business entity, “you” ~~may~~ certain provisions of this Disclosure Document also ~~refer~~ apply to your owners where noted.

The Franchisor

~~The franchisor is PatchMaster Franchise, LLC~~ We are a Delaware limited liability company formed on November 17, 2021. Our principal ~~place of~~ business address is 57 Main Street, Chester, ~~NJ 07930, www.PatchMaster.com.~~ New Jersey 07930 and our principal phone number is 844-PATCHMAN. Our mailing address is 88 E. Main St., Suite H345, Mendham, NJ 07945. We ~~do~~ conduct business under our corporate name and the name “PatchMaster®.”

Our agents for service of process are disclosed in Exhibit F. We began offering franchises in April 2022 for the operation of a wall surface repair and related service business under the name “PatchMaster®.” Our predecessor began offering franchises in September 2017. We acquired the PatchMaster system in December 2021. We ~~do not offer, and have not~~ never offered, franchises in any other line of business. We ~~are~~ do not ~~currently~~ engaged in any other business activities, and ~~do not~~ we have never operated a business of the type being franchised, though certain of our officers do.

Parents, Predecessors and Affiliates

Our predecessor is PM Franchising, LLC, a Utah limited liability company ~~formed on March 18, 2016.~~ Its principal place of business is 57 Main Street, Chester, NJ 07930. Our predecessor offered PatchMaster franchises from September 2017 to December 2021.

We are a wholly-owned subsidiary of PM Holdco, LLC, which shares our principal business address. Our parent is in turn majority-owned by PM1 Investments LLC, which is in turn managed by MPK PM LLC, which is in turn managed by MPK Equity Partners LLC, each of which has the principal business address of 3000 Turtle Creek Blvd, Dallas, Texas 75219.

We have the following affiliates that offer franchises:

Restoration 1 Franchise Holding, LLC offers franchises for businesses providing residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying, and reconstruction and repair under the name “Restoration 1®.” Restoration 1 Franchise Holding, LLC began offering franchises in April 2020 and as of December 31, ~~2023, 296~~ 2024, 298 franchised “Restoration 1®” businesses were in operation. Restoration 1 Franchise Holding, LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.

BlueFrog Plumbing and Drain, LLC offers franchises for plumbing and drain repair businesses under the name “BlueFrog Plumbing + Drain®.” BlueFrog Plumbing and Drain, LLC began offering franchises in 2014 and as of December 31, ~~2023, 42~~ 2024, 35 franchised “BlueFrog Plumbing + Drain®” businesses were in operation. BlueFrog Plumbing and Drain, LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.

Softroc Global LLC offers franchises for businesses providing installation, cleaning,

maintenance and repair of rubber safety surfacing under the name “Softroc®.” Some Softroc® businesses may also offer a product line of driveway construction and repair services using the name “The Driveway Company®.” Softroc Global LLC began offering franchises in 2021 and as of December 31, ~~2023~~2024, 30 franchised “Softroc®” businesses were in operation. Softroc Global LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.

TDC Franchising, LLC offered franchises for businesses providing driveway construction and repair services under the name “The Driveway Company®” from 2019 to April 2023. TDC Franchising LLC no longer offers new franchises under the “The Driveway Company®” name, but as of December 31, ~~2023~~2024, ~~16~~11 existing franchised “The Driveway Company®” businesses remained in operation. As described above, Softroc® franchisees may offer a “The Driveway Company” product line as part of their Softroc® business. TDC Franchising, LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.

Zoom Drain Franchise LLC offers franchises for businesses providing drain cleaning and sewer inspections, maintenance, repair, grease trap and septic services, and related products and services under the name “ZOOM DRAIN®.” Zoom Drain Franchise LLC began offering franchises in February 2021, and as of December 31, ~~2023~~, ~~126~~2024, 177 franchised “ZOOM DRAIN®” businesses were in operation. Zoom Drain Franchise LLC has the principal business address of 500 Davis Drive, Plymouth Meeting, Pennsylvania 19462.

~~Except as expressly stated in this Item 1, neither our parents, our predecessor, nor any of our affiliates operate businesses similar to the type being franchised and do not offer franchises in this or any other line of business and do not provide products or services to our franchisees.~~

None of the parents, predecessors, or affiliates described above have owned, operated, or offered franchises for PatchMaster Businesses. Other than as listed above, neither we nor any of our affiliates offers franchises for any other concept, or offers or sells products or services to our franchisees.

~~Our agents for service of process is in Exhibit F.~~

~~PatchMaster~~**The Franchised Business**

We franchise the right to develop, own, and operate a business that offers wall surface repair and related services, including plaster, stucco, concrete, trim repairs, and painting to residential and commercial customers ~~(the “Franchised each a “PatchMaster Business”) using (i).~~ PatchMaster Businesses operate under the name “PatchMaster®” and other trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, copyrights, trade names, trade dress, trade secrets, slogans, and commercial symbols including the mark “PatchMaster” (the “Marks”); and (ii) specifications for necessary equipment, defined service and product offerings, standard operating and administrative procedures, management and technical training programs (the “System”); that we approve (collectively, the “Marks”). PatchMaster Businesses have distinctive and proprietary business systems, methods, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop and modify periodically (together, the “System”). We call the PatchMaster Business that you will operate your “Franchised Business.” You must comply with all of the standards, specifications, operating procedures, and rules that we periodically prescribe as mandatory for operating PatchMaster Businesses generally, or your Franchised Business specifically (“System Standards”).

~~We offer and award to qualified applicants a franchise to own and operate the Franchised Business. Franchisees may be individuals or entities that meet our then current requirements for non-~~

~~individual franchisees. These requirements may include the signing of personal guarantees by some or all of the individuals holding an equity interest in the Franchise.~~

You must sign a Franchise Agreement with us to obtain the franchise for a PatchMaster Business. Our current form of Franchise Agreement is attached as Exhibit B to this Disclosure Document. The Franchise Agreement will identify one or more areas in which you may conduct marketing, advertising, and promotional activities and conduct your Franchised Business (your “LSA(s)). Your Franchise Agreement will also identify the location from which you will operate your Franchised Business (your “Franchised Business Office”). Your Franchised Business Office may be your personal residence, or other property that you lease or own at your own cost, however, it must be located within your LSA(s). We may grant up to 3 LSAs in one Franchise Agreement. If you wish to acquire more than 3 LSAs, you must sign an additional Franchise Agreement.

~~If awarded a franchise, you will operate a business that offers wall surface repair and related services to residential and commercial customers using the Marks and System. Related services encompass small home repairs that may include, but not be limited to: plaster, stucco, concrete and trim repairs and painting. Services affiliated with the Franchised Business do not include mechanical, plumbing, electrical, roofing, heating, ventilation and air conditioning installation and repairs.~~

~~To acquire a franchise, you will sign a Franchise Agreement (Exhibit B) with us that will grant you the right and obligation to sell certain approved products and services under our Marks (“Products and Services”) and purchase certain equipment from us or approved suppliers using the System and the Marks (your “Franchise Agreement”). You will conduct your Franchised Business at a location that we approve within a specified geographic Licensed Service Area (the “LSA”). We will establish your LSA before you sign your Franchise Agreement. You are not permitted to market, advertise or solicit business outside of your LSA. We may grant qualified candidates the right to acquire more than one LSA concurrently, and you and we will agree on the LSAs prior to your signing the Franchise Agreement.~~

The Market and Competition

The services associated with the Franchised Business are used by a variety of customers, including private ~~residential~~ homeowners, commercial facilities, individuals in a particular trade such as plumbers, electricians, and restoration service providers who in the course of conducting their service may need to conduct invasive procedures through drywall that need to be repaired. The market for the services is well established and national in scope. Your competitors will include local and national companies that provide similar services. Your competition may also include other PatchMaster Businesses operated by us, our officers, our affiliates, and/or our franchisees.

Special Industry Regulation

Industry-Specific Laws and Regulations

There may be federal, state, and local regulations and licensing requirements pertaining to wall surface repair and related services associated with the Franchised Business. In some states you or your General mManager may be required to obtain a contractor's license or other licenses. Every state has a contractor licensing law and the state licensing board should be contacted for licensing requirements specific to the state. ~~We are not aware of any other regulations specific to the industry in which the Franchised Business operates.~~ You must also comply with all laws and regulations that apply to businesses es generally, ~~which~~ include ing regulations concerningfor sanitation, discrimination, employment, and sexual harassment, as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Business and should consider both their effect and cost of compliance.

Financial Incentives

ITEM 2

~~We may offer financial incentives to our existing franchisees, employees or other third parties who refer a franchise prospect lead to us that results in the granting of a franchise to that lead. Any information given to you by a franchisee is coming from him/her in his/her capacity as a franchisee. No franchisee or referral source shall be deemed our agent. Under no circumstances shall any such referral source be deemed a franchise seller, broker or other third party sales representative for the franchise sales process.~~

ITEM 2

BUSINESS EXPERIENCE

Paul Ferrara, Chief Executive Officer

Mr. Ferrara has served as our Chief Executive Officer in Chester, New Jersey since December 2021. Mr. Ferrara served as our predecessor's Chief Executive Officer in Chester, New Jersey from July 2020 to December 2021. From May 2019 to June 2020, Mr. Ferrara was Chief Operating Officer for Master Home Services, LLC, the former parent company of PM Franchising, LLC and for HM Services, LLC d/b/a HouseMaster, in Somerville, New Jersey. Prior to that, Mr. Ferrara was Director of Affiliate Marketing and Strategy of PM Franchising, LLC in Somerville, New Jersey from November 2017 to May 2019 and for HM Services, LLC from May 2013 to May 2019.

Steven Adler, Chief Financial Officer

~~Mr. Adler has served as our Chief Financial Officer from Maine since December 2021. Mr. Adler served as our predecessor's Chief Financial Officer from New York City, New York from May 2019 to December 2021. From May 2019 to June 2020, Mr. Adler served as Chief Financial Officer of Master Home Services, LLC, the former parent of PM Franchising, LLC and for HM Services, LLC d/b/a HouseMaster, in Somerville, New Jersey. Mr. Adler has also served as Chief Executive Officer of Financial Summit Ventures, in New York City since February 2003.~~

Joseph Eible, Vice President of Operations

Mr. Eible has served as our Vice President of Operations in Chester, New Jersey since November 2022. Mr. Eible served as our Director of Franchise Support in Chester, ~~NJ~~New Jersey from December 2021 to November 2022. Mr. Eible served as our predecessor's Director of Franchise Support in Chester, New Jersey from July 2020 to December 2021. From June 2019 to June 2020, Mr. Eible served as Manager of Franchise Support of Master Home Services+, LLC, the former parent of PM Franchising, LLC and for

HM Services, LLC d/b/a HouseMaster, in Somerville, New Jersey. Since July 2012, Mr. Eible also serves as President and Founding Partner of The 23 Company in Ledgewood, New Jersey.

~~ITEM 3~~ **ITEM 3**

LITIGATION

Commonwealth of Virginia, ex rel. State Corporation Commission v. Restoration 1 Franchise Holding, LLC and Andor Kovacs, (Case No. SEC-2014-00028). On July 16, 2014, our affiliate Restoration 1 Franchise Holding LLC entered into a Settlement Order with the Virginia State Corporation Commission based upon the allegation that it offered and sold a “Restoration 1®” franchise in Virginia after its Virginia registration had lapsed. Restoration 1 Franchise Holding LLC neither admitted nor denied the allegations but nonetheless agreed to the terms of the Settlement Order whereby it paid \$1,000 to defray the costs of investigation to the State of Virginia, agreed to attend franchise sales compliance training, and agreed to never again violate the Virginia Retail Franchise Act in the future.

Except for the action described above, no other litigation is required to be disclosed in this Item.

~~ITEM 4~~ **ITEM 4**

BANKRUPTCY

No bankruptcy [information](#) is required to be disclosed in this Item.

~~ITEM 5~~ **ITEM 5**

INITIAL FEES

Initial Franchise Fees

You must pay us an initial franchise fee ~~of \$49,500 for the right to operate the Franchised Business equal to \$54,500 for one LSA plus an additional \$0.156 multiplied by the population in the LSA over 350,000~~ (the “Initial Franchise Fee”). ~~This Initial Franchise Fee is for an LSA is made up of a contiguous zip codes consisting of approximately a 300,000 to 350,000 population figure. If you desire to purchase an LSA with a population greater than 350,000, you must pay an additional Initial Franchise Fee of \$0.152 per person of population above 350,000. If you desire to purchase more than one LSA~~ You may purchase up to three LSAs under one Franchise Agreement, and if you do, the Initial Franchise Fee is discounted as outlined in the following table ~~(for your second and third LSA (as applicable)).~~ The fees in the table below assume that each LSA is under 350,000 in population, but ~~and~~ remain subject to the additional fee of \$0.152 ~~0.156~~ per person over 350,000 in population per LSA:

LSAs	Total Population	Initial Franchise Fee	Discount
1	Up to 350,000	\$49,500 <u>\$54,500</u>	-
2	600,000 – 650,000 <u>750,000</u>	\$79,500 <u>\$84,500</u>	\$19,500 <u>\$24,500</u>
3	900,000 – 950,000 <u>1,050,000</u>	\$109,500 <u>\$114,500</u>	\$39,000 <u>\$49,000</u>

The population is determined by the most recent U.S. Census available and ~~as~~ may be updated from time to time [based on information](#) from ~~certain~~ third-party demographic providers.

The Initial Franchise Fee must be paid in a lump sum when you sign the Franchise Agreement. ~~All buyers under this offering pay a uniform and is deemed fully earned when paid and is non-refundable under any circumstances. In 2024, all franchisees paid an Initial Franchise Fee, including the additional fee for a larger LSA, except for the qualified discount described below~~ consistent with the fees published in the then-current Franchise Disclosure Document.

We currently offer a \$7,000 discount off the Initial Franchise Fee to qualifying veterans and who have received an honorable discharge from any branch of the United States military and qualifying first responders ~~who qualify for our discount program~~. We also offer a 20% discount for existing franchisees that purchase an additional LSA after their first year in business. We also offer a 10% discount for franchisees who are referred through an employee or vendor. ~~In 2023, all franchisees paid an initial franchise fee consistent with the fees published in the then-current Franchise Disclosure Document.~~

Startup Package

You must pay us \$~~28,850~~39,375 for the RightTrack Startup package ~~which is payable to us in a lump sum within two (2) weeks of, which includes certain tools, materials, and marketing. You must pay for the RightTrack Startup package when you signing~~ the Franchise Agreement. If you purchase non-contiguous LSAs, we ~~reserve the right to~~may charge the RightTrack Startup package for each LSA. The amounts paid to us for the RightTrack Startup package are fully earned upon receipt and are nonrefundable. ~~The RightTrack Startup package can be broken up into two distinct parts:~~

ITEM 6

~~**Tools & Materials:** Includes initial tools and equipment such as work lights, air compressors, nail guns, sanders, vacuum, paint brushes and rollers, putty knives, ladders, cordless saws, extension cords, heavy duty staple gun, fans, heaters, various hand tools, and one year of bookkeeping services. The cost of these items is \$12,000.~~

~~**Grand Opening Marketing Package:** Includes vehicle wrap, branded apparel, lawn signs, business cards, rack cards, trade rack cards, yard signs, and various promotional items. Additional marketing items includes 3 months of lead aggregation services, 3 months of social media advertising, and 3 months of digital marketing spend. The cost of these items is \$16,850.~~

ITEM 6

OTHER FEES

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE ⁽²⁾	REMARKS
Royalty Fee	Greater of: (1) 9% of first \$150,000 in Gross Revenue per year; 8½% on \$150,001-\$250,000; 8% on \$250,001 - \$500,000; 7½% on \$500,001-\$1,000,000; 7% on \$1,000,001-\$1,500,000; 6% on \$1,500,001-\$2,500,000; 5% on \$2,500,001 and above; or (2) a minimum <u>monthly</u> royalty fee per LSA. ⁽³⁾⁽⁴⁾	10th day of the month <u>Monthly for Gross Revenue for the previous Reporting Period.</u> ⁽⁴⁾	You must pay the greater of the Royalty Fees based on your percentage of your Gross Revenue or a monthly Minimum Royalty Fee in the amount of \$400 per LSA for year 1, \$500 per LSA for year 2 and \$600 per LSA for each year thereafter beginning on the date specified in your Franchise Agreement when you sign it, typically 90 days following the date of the Franchise Agreement. <u>We may increase the amount of the Minimum Royalty Fees up to the aggregate rate of inflation since you signed your Franchise Agreement, or such later date as we last adjusted the Minimum Royalty Fee.</u>

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE ⁽²⁾	REMARKS
Marketing Brand Fund Contribution	1% of all Gross Revenue (subject to change up to 3% of Gross Revenue) ⁽³⁾	Same as Royalty Fee. Monthly	We currently collect only 1% as the Marketing Contribution, but we may increase the fee Brand Fund Contribution to up to 3% of Gross Revenue at any time and from time to time upon 30 days' notice to you.
Technology Fee ⁽⁵⁾ Local Advertising Expenditure	\$300 For the first 24 months of operation, \$2,000 per month for 1 or 2 LSAs; or \$3,000 per month for 3+ LSAs (subject to change)	Same as Royalty Fee. Monthly	Payable by you monthly for technology usage. If you purchase non-contiguous LSAs, we reserve the right to charge a Technology Fee for each LSA, especially where the franchises will operate separately. See note 5 You must spend a minimum amount per month on advertising, promotions, and public relations for your Franchised Business in your LSA(s). We may require you to pay part or all of the Local Advertising Expenditure to us or our designee. We may modify the amount of the Local Advertising Expenditure during the term of your franchise, including requiring a Local Advertising Expenditure after the first 24 months of operations, up to \$2,000/month per LSA.
Digital Marketing Services Technology Fee ⁽⁶⁾	\$300 per month (subject to change)	Same as Royalty Fee. Monthly	We offer an optional program for digital marketing, and y You must pay our then-current fee if you wish to participate and receive these services from us and our vendors Technology Fee during the duration of your franchise. If you purchase non-contiguous LSAs, we may charge a Technology Fee for each LSA. We may increase this fee up to 30% per year on a compounding basis.
Fine for Violation of Territory Change Fee Restrictions	\$1,000 Greater of \$5,000 per occurrence or 50% of revenue generated from such infringing activity	When Change in LSA is Effectuated. Upon demand	If Payable if you seek to change your LSA and the request is approved, we may charge this fee fail to abide by the territory restrictions in the Franchise Agreement, including conducting services in another franchisee's LSA. The fine is in addition to our right to terminate for breach.
Late Payment Interest and Insufficient Funds Territory Change Fee	Lessor of 18% annually (compounded daily) or the maximum permitted by law. Plus \$50 per instance for insufficient funds \$1,000, plus reimbursement of our costs and expenses	When invoiced Upon demand	Interest will be applied retroactively to day one for any payment that is past due, including underpayments such as where Gross Revenue has been underreported. If there are insufficient funds at the time payment is due, there is an additional \$50 If you seek to change any LSA and the request is approved, we may charge this fee is owed to us per instance LSA.

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE ⁽²⁾	REMARKS
Late Fee for Reporting and Payment	\$10 per day	When invoiced	You must pay us a per day fee for all delinquent payments, delays or non-compliance in reporting, failure to provide accurate records, failure to use the required accounting software, and failure to provide us access to records.
Transfer Fee	\$10,000 (subject to change)	Before closing on transfer.	This fee is payable by you or the transferor if you purchase the Franchised Business from an existing franchisee. This fee includes all fees associated with the transfer as well as the cost for the Initial Training Program and training materials. You must pay for all of the expenses of your personnel and you to attend any training program, including travel, lodging, car rentals, meals and the wages of any person attending training. No fee is due if you transfer your franchise to a new corporation controlled by you.⁽⁵⁾
Meeting Registration Fee ⁽⁵⁾	\$1,000 per attendee (subject to change)	When invoiced, before date of M meeting or monthly.	<p>There is no registration fee for one attendee at ourthe first annual meeting is included inafter you sign your Initial Franchise Fee Agreement, provided the meeting is held and you attend the meeting your first year. If you do not attend the meeting your first year, you have to pay the meeting registration fee. Thereafter, this fee is payable even if you or your General mManager do not attend the meeting. We are not obligated to hold the meeting; in which case you do not pay. <u>Subject to change based on applicable costs.</u></p> <p>We may charge this meeting registration fee via monthly or other periodic payment or installments that are automatically paid or withdrawn from your account with other monthly or periodic fees.</p>
Additional Training Fee ⁽⁵⁾	\$500 per person, plus costs and expenses per day (subject to change), <u>plus reimbursement of our costs and expenses</u>	Upon demand	<p>You must pay <u>us</u> our then current fee for additional training being offered because your Franchised Business does not satisfy our standards, or we are requiring new products and services be offered by your Franchised Business if: (1) we determine that any of your Key Personnel have not completed the Training Program to our satisfaction; (2) you appoint a new General Manager; (3) you are not performing to our System Standards; (4) you request, and we agree, to provide any additional training, after the Training Program; (5) you request and we approve additional attendees at the Training</p>

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE ⁽²⁾	REMARKS
			<u>Program; or (6) we require additional training because you failed to attend our annual meeting. The per day training fee is subject to increase up to \$100 per year.</u>
<u>Audit</u>	<u>Cost of Audit</u>	<u>When invoiced</u>	<u>Payable if any audit we conduct shows you have not spent the Local Advertising Expenditure, or if you underreported amounts you owe us by 3% or more.</u>
<u>Approval of Products or Suppliers</u>	<u>All costs and expenses associated with the evaluation</u>	<u>Upon demand</u>	<u>Payable if you request that we evaluate a new product or supplier.</u>
<u>Inspection Fee</u>	<u>All costs and expenses associated with the inspection</u>	<u>Upon demand</u>	<u>If any inspection shows that one or more failures of Systems Standards exists, or any circumstance exists that prevents us or our designees from properly inspecting your Franchised Business, you must reimburse us for all costs associated with the failed inspection and any re-inspection we conduct.</u>
<u>Failure to Comply with Post-Term Obligations</u>	<u>Cost of curing deficiencies</u>	<u>Upon demand</u>	<u>If you fail to comply with your post-term obligations and we must correct any such deficiencies, then you must reimburse us for all costs and expenses we incur.</u>
<u>Insurance Policies</u>	<u>Amount of unpaid premium plus our reasonable expenses in obtaining the policies</u>	<u>Upon demand</u>	<u>Payable if you fail or refuse to obtain and maintain the insurance we specify and we elect to obtain coverage for you.</u>
Accounting Software Fees <u>Service Warranties Remediation</u>	\$25—\$150/month (subject to change) <u>Our cost of honoring any Service Warranty</u>	Monthly <u>Upon demand</u>	The high-end range for this fee includes payroll functionality. These fees are currently payable to a third party for required accounting and financial management software to manage the <u>Payable if you fail or refuse to honor Service Warranties offered to customers by your Franchised Business, but we may in the future require you to pay these amounts to us. This fee depends on the needs and size of the Franchised Business elect to honor those Service Warranties on your behalf.</u>
Other Fees (including Call Center and Scheduling, Telephone, Web Lead	None currently charged (subject to change) <u>Varies based on the amount of outstanding Service Warranties</u>	<u>Upon demand</u>	We reserve the right to require Franchisee to purchase from Franchisor specific products or services, or to reimburse Franchisor for certain purchases including, but not limited to, call center and scheduling services, telephone and web lead services <u>may require you to pay us a reasonable</u>

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE ⁽²⁾	REMARKS
Services <u>Warranty Deposit</u>			<u>deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business. This amount would be refunded to you after expiration or termination of all Service Warranties offered by your Franchised Business, less any deductions arising if we have to honor any such Service Warranties on your behalf. We may hold these amounts after the termination or expiration of your Franchise Agreement until all Service Warranties have expired or are satisfied by you.</u>
Audit <u>Transfer Fee</u>	Cost of Audit <u>\$10,000</u>	When billed. <u>Upon demand</u>	Payable only if audit performed due to your failure to report, if audit shows an under reporting of 3% of Gross Revenue or more, or if audit shows your failure to follow LSA boundary restrictions to us if you request our approval of a transfer (waived for transfer to an existing franchisee, but you must pay for our costs).
Renewal Agreement Fee	<u>\$2,500, plus direct out of pocket costs (plus \$500 for any late renewal)</u>	Upon execution of a Renewal Franchise Agreement.	Payable only if you meet eligibility for signing the Renewal Franchise Agreement and execute the Renewal Franchise Agreement.
Reimbursement for Insurance	Cost of Insurance plus our expenses.	When billed.	Payable only if we pay your premium when you fail to do so.
Cost of Enforcement and Collection Costs	Loss, liability, damages, and costs incurred by us <u>All costs including reasonable attorneys' fees</u>	Upon demand	Payable only if (i) we incur legal <u>You must reimburse us for all costs in enforcing the Franchise Agreement or defending a claim and prevail in any action, or (ii) we incur expenses due to your failure to make timely payments, submit reports when due or otherwise comply with the Franchise Agreement obligations if we prevail.</u>
Indemnification National Account Fees	Loss, liability, damages, and costs incurred by us <u>None currently charged</u>	When a claim is brought against us in connection with your Franchised Business. <u>At time of job</u>	You must reimburse us for any liability and costs incurred by reason of your ownership or operation of the Franchised Business. <u>pay our then-current fees if you provide services for a National Account Clients (defined in Item 16). We will invoice and collect payment from the client, and remit to you your portion of the payment after deducting fees. We will establish these fees based on our costs, subject to change up to 30% per year on a compounding basis</u>

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE ⁽²⁾	REMARKS
Liquidated Damages Late Payment Interest and Insufficient Funds Fee	Average monthly Royalty Fees and Marketing Contributions, multiplied 36 months, or the months remaining in the franchise term, whichever is lower. <u>Lessor of 1.5% per month or the highest rate allowed by law, plus a \$10 fee for each day the payment remains delinquent.</u> <u>Plus \$50 per instance for insufficient funds.</u>	Upon demand	Payable if you improperly terminate your Franchise Agreement, or we terminate your Franchise Agreement for your default. Average monthly fees will be calculated based on your average fees in the 12 months prior to termination (or if your Franchise Business has not been operating for 12 months, then the average monthly fees of all PatchMaster Businesses in the prior 12 months). For the purpose of calculating Royalty Fees, the minimum royalty fee will be based on the 36 months following termination of your Franchise Agreement, not the preceding years to us that are not received by us on the due date will bear interest from the date payment is due to the date payment is received. In addition, you must pay us a fee of \$10 per day for each day the payment remains delinquent. If any payment to us fails due to insufficient funds or credit or otherwise, there is an additional \$50 fee owed to us.
Fine for Violation of Territory Restrictions Non-Compliant Reporting	Greater of \$5,000 per occurrence or 50% of revenue generated from such infringing activity \$10 per day	Upon demand <u>When invoiced</u>	Payable if you fail to abide by the territory restrictions in the Franchise Agreement, including conducting Services in another franchisee's LSA. The fine is in addition to our right to terminate for breach must pay us a per day fee for all delays or non-compliance in reporting, including failure to use the required accounting software.
Vendor Fee Reimbursement	<u>Reimbursement all amounts, plus our costs and expenses</u>	<u>Upon Demand</u>	<u>We may periodically arrange with vendors to collect and pay fees centrally. If we do so, you may be required to pay us or our affiliates the fees for certain products and services offered and we will pay the vendor on your behalf.</u>
Customer Refund	Variable <u>Reimbursement all amounts, plus our costs and expenses</u>	<u>Upon demand</u>	Payable if you do not resolve a customer service complaint, the customer contacts us and we determine a request for refund is reasonable, and we pay a refund to the customer to resolve the complaint.
Reimbursement of investigation fees for Taxes	Fee we paid to investigator or secret shopper <u>Reimbursement all amounts, plus our costs and expenses</u>	Upon demand	Payable if found to be in violation of the Franchise Agreement <u>we are required to pay taxes on your behalf, such amounts we pay will be indemnified by you.</u>
<u>Indemnification</u>	<u>All costs including</u>	<u>Upon demand</u>	<u>You must reimburse us if we are held responsible</u>

NAME OF FEE ⁽¹⁾	AMOUNT	DUE DATE ⁽²⁾	REMARKS
	<u>reasonable attorney's fees</u>		<u>for claims directly or indirectly arising out of your Franchised Business or your breach of the Franchise Agreement or your employment practices.</u>
Fines for failure to comply with System Standards <u>Interim Operations</u>	\$250 per occurrence (subject to change) <u>All Gross Revenue after deducting costs and expenses, including fees payable to us.</u>	Upon demand	Payable if you fail to adhere to the System Standards as specified in the Manuals <u>You must pay our then-current fee if we step-in to operate your Franchised Business on an interim basis if: (i) you abandon or fail actively to operate your Franchised Business for more than 5 consecutive days; (ii) any time after the death or disability of you or you Owners; (iii) if your Franchised Business is not being managed properly; or (iv) the Franchise Agreement expires or is terminated and we are transitioning your Franchised Business operations to us or another person we designate or determining whether to do so.</u>
Reimbursement for taxes paid <u>Lost Revenue Damages</u>	Undetermined <u>Will vary under circumstances</u>	Upon demand <u>Within 15 business days of termination</u>	If we are required to pay taxes (other than income) on account of payments you make to us <u>terminate your Franchise Agreement because of your default (or if you terminate without cause), you must pay us the net present value of the Royalty Fees and Brand Fund Contributions that would have become due had the Franchise Agreement not been terminated, from the date of termination until the earlier of: (a) 3 years from the termination date; or (b) the scheduled expiration of the term of the Franchise Agreement (based on the average monthly amount of your Royalty Fees and Brand Fund Contributions during the last 12 months of your regular operations, or if you have been operating your Franchised Business for less than 12 months, based on the average monthly Royalty Fees and Brand Fund Contributions of all PatchMaster Businesses during our previous fiscal year).</u>

Notes to Item 6:

~~(1) You pay all fees to us unless otherwise noted. All fees paid to us are fully earned upon receipt and are nonrefundable and, except as expressly stated, all fees are uniformly imposed.~~

1. Except as described in this Item 6, all fees are imposed and collected by and payable to us, though we may transfer these rights to our affiliates. These fees are not refundable. Not all of our

fees are uniformly imposed due to individually negotiated terms with certain franchisees. All amounts payable by you to us, or our affiliates must be in United States Dollars (\$USD).

~~(2) All fees are imposed by and payable to us by electronic funds transfer or other automatic payment mechanism we designate (“EFT”). We may charge all past due fees including the Royalty Fee, Marketing Contribution, Conference/Regional Meeting fees, amounts due for purchase and insurance requirements, to a credit card previously authorized by you.~~

2. You must pay all amounts due under the Franchise Agreement as we periodically prescribe. Currently, we require all payments to be made through an electronic funds transfer account (the “Transfer Account”) that allows us to debit the Transfer Account for all amounts you owe us on their due dates or the next business day if the due date is a national holiday or a weekend. You must ensure that funds are available in the Transfer Account to cover our withdrawals. If you fail to report your Gross Revenue when due, then in addition to late fees, we may calculate amounts due based on your average Gross Revenue as determined by us for the preceding six months. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your Transfer Account on the next payment due date. We may require you to make payments through any other method at any time, and you must comply with our payment instructions. We may change the timing and intervals of your payments with 30 days prior notice to you. We may charge all past due fees including the Royalty Fee, Brand Fund Contribution, Meeting Registration Fee, amounts due for purchase and insurance requirements, to a credit card previously authorized by you.

3. ~~(3)~~ “Gross Revenue” is defined in the Franchise Agreement as total revenues, receipts, and dollar volume from the sale of all products, services and merchandise sold and booked in connection with the means the aggregate of all revenue and consideration of any kind derived from your Franchised Business, whether ~~under any of the Marks~~ from check, cash, credit or otherwise. ~~Gross Revenue is calculated on an accrual basis regardless of whether you have collected payment. Gross Revenue excludes sales taxes added to the sales price and collected from the customer, including all proceeds from any business interruption insurance, but excluding any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto.~~ Third-party fees and payments and uncollected funds are not excluded from Gross Revenue. With respect to National Accounts Clients, Gross Revenue includes all revenue received by us for performance of services, without deduction for dispatch or claims management fees or similar fees.

4. Each reduction of the percentage rate for the Royalty Fee is incremental and applies only to the Gross Revenue earned in each applicable Gross Revenue range, and not to the full year in which such year-to-date Gross Revenue is achieved. If during any calendar month you achieve a year-to-date Gross Revenue that entitles you to a lower percentage rate thereafter, you first must pay the balance of the year-to-date Gross Revenue in the applicable range multiplied by the higher percentage rate, and then the remaining Gross Revenue earned in that month at the subsequent lower percentage rate.

~~(4) Reporting Period means the monthly calendar period from the 1st of the month to the next to last day of the same month (unless we designate otherwise). Payments and reports will be due on the 10th day of the month for the prior Reporting Period and will be paid by EFT.~~

~~(5) The Technology Fee is charged by us for certain technology tools required to operate the business. Currently, these tools include the following: scheduling software; customer review platform; main toll free number; social media management; office software and online webmail. These included items are subject to change at our discretion.~~

~~(6) The Digital Marketing Services fee is charged by us for certain digital marketing services, including lead aggregation services, social media advertising, and digital marketing expenditures. These included items are subject to change at our discretion.~~

~~5. (7) You must comply with all System Standards specifically identified as required in the "Manuals," which is defined in the Franchise Agreement to mean any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our authorized representatives produce and that contain System Standards and recommendations for the pay all travel and living expenses (including wages, transportation, food, lodging and workers' compensation) incurred by you and your Key Personnel or any other person incurs during any and all meetings and/or training courses and programs. You must also pay all travel and living expenses (including transportation, food, and lodging) incurred by any of our trainers or staff we send to your Franchised Business, all of which we may change from time to time to provide training courses or programs.~~

~~ITEM 7~~ **ITEM 7**

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
Franchise Agreement -1 LSA

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	<u>Low</u>	<u>High</u>			
Initial Franchise Fee ⁽¹⁾	<u>\$54,500</u>	\$49,500 <u>\$54,500</u>	Lump Sum	When you sign the Franchise Agreement	Us
Training Expenses ⁽²⁾	<u>\$1,000</u>	\$500- <u>\$2,500</u> <u>3,500</u>	As Incurred	Before Opening	Hotels; Transportation; Restaurants
RightTrack Startup Package (Tools & Materials) Local Advertising Requirement ⁽³⁾	<u>\$19,575</u>	\$12,000 <u>28,575</u>	Lump Sum <u>As Arranged</u>	Within two (2) weeks of Franchisee signing Franchise Agreement <u>Before Opening and As Incurred</u>	Us <u>and Third-Party Suppliers</u>
RightTrack Startup Up <u>Up</u> Package (Grand Opening Package) ⁽³⁴⁾	<u>\$39,375</u>	\$16,850 <u>39,375</u>	Lump Sum	Within two (2) weeks of Franchisee signing the Franchise Agreement <u>When you signing the Franchise Agreement</u>	Us
Computer, Phone and Office Equipment	<u>\$0</u>	\$0- <u>\$2,500</u>	As Incurred	As Incurred	Vendors
Vehicle(s) Down Payment ⁽⁴⁵⁾	<u>\$0</u>	\$0- <u>\$5,500</u>	As Arranged	Before Opening	<u>Suppliers and Vendors</u>
Licensing, Permits, and Deposits ⁽⁵⁶⁾	<u>\$0</u>	\$0- <u>\$2,000</u>	As Incurred	As Incurred	Landlord

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	<u>Low</u>	<u>High</u>			
Insurance Costs including Worker's Compensation ⁽⁶⁷⁾	<u>\$2,000</u>	\$2,000 –\$5,500	As Arranged: Annual or Monthly Premium	Before Opening	Insurance Broker
Legal Services	<u>\$500</u>	\$500 –\$1,500	As Incurred	As Incurred	Legal Counsel
Additional Funds – 3 months ⁽⁷⁸⁾	<u>\$6,000</u>	\$6,000 –\$15,000	As Incurred	As Incurred	Various Vendors
Total	<u>\$122,950</u>	\$87,350 – <u>157,950</u>			

All amounts shown in the table above are estimates only for ~~your first~~ one LSA ~~and do not include any costs for a call and scheduling center~~. Any fees paid to us are not refundable. Amounts paid to any third parties may be refundable but will depend on your contract or relationship with such third parties. Neither we nor any affiliate finances any part of the initial investment. ~~See Item 10, below.~~

NOTES:

(1) The Initial Franchise Fee must be paid when the Franchise Agreement is executed. The estimate provided above assumes that your LSA is under 350,000 in population. You must pay an additional ~~\$0.1520~~ .156 per person for population above 350,000.

(2) ~~Your~~ or your Owner (if you are an entity) Key Personnel must attend training at the location we designate. You are responsible for the expenses you and any attendees will incur for travel and living expenses while training. The cost of this will depend on the number of persons who attend training and the distance you must travel to the training location. You must pay the travel expenses for you and for any additional trainees. ~~(See Item 11.)~~

~~(3) The RightTrack Startup Package includes initial tools and equipment such as work lights, air compressors, nail guns, sanders, vacuum, paint brushes and rollers, putty knives, ladders, cordless saws, extension cords, heavy duty staple gun, fans, heaters, various hand tools, and one year of bookkeeping services. Also incorporated in this amount is the Grand Opening Marketing Package which includes vehicle wrap, branded apparel, lawn signs, business cards, rack cards, trade rack cards, yard signs, and various promotional items. Additional marketing items includes 3 months of lead aggregation services, 3 months of social media advertising, and 3 months of digital marketing spend.~~

(3) We require a Local Advertising Expenditure of at least \$2,000 per month for the first 24 months of operation if you operate 1 LSA. Additionally, you may wish to spend additional amounts to promote your Franchised Business. The amount above is an estimate of local marketing prior to opening plus for the first 3 months of your operations. If you elect to participate in our optional programs for paid media services (\$300/mo) or social media mastery services (\$225/mo), then you must pay those amounts to us, otherwise all amounts will be paid to third-parties. The estimate above includes paid media services and social media mastery services for 3 months.

- (4) [The RightTrack Startup Package includes certain tools, materials, and digital marketing services.](#)
- (5) ~~(4)~~-This estimate ~~costs~~ is for the first three months of a lease or a sufficient down payment for required vehicles to use in the Franchised Business. ~~(See Item 8 for vehicle requirements).~~
- (6) ~~(5)~~-This estimate includes amounts and other pre-paid costs you may incur in establishing the Franchised Business such as security deposits, utility deposits, business licenses, permits.
- (7) ~~(6)~~-This ~~insurance~~ estimate covers your cost of insurance as required in the Franchise Agreement for the first three to six months. You pay insurance premiums directly to third party insurers. You must deliver to us upon request ~~proper~~ [certificates of insurance](#) evidencing the existence of the required insurance coverage. Insurance requirements are identified in the [Confidential Operations Manuals](#). If you fail to procure and/or maintain the required insurance, you authorize us to purchase this insurance on your behalf. In this event, you will be required to reimburse us for all premiums associated with this insurance. The requirements and costs of employer liability and worker’s compensation insurance depend on the jurisdiction where the Franchised Business is located.
- (8) ~~(7)~~-We considered the experience and operations of our affiliates and franchisees in formulating the “additional funds” amount. These expenses are additional funds you may need to ~~ex~~pend during the initial phase of the Franchised Business. This estimate does not include any financing or loan costs if you elect to obtain financing. These figures do not include your personal living expenses or any revenue, salary, or other compensation that you pay yourself during this period of time. [This estimate does not include the cost of a leased Franchised Business Office as most franchisees operate from a home office.](#)

Franchise Agreement -3-LSAs

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$114,500	\$109,500 114,500	Lump Sum	When you sign the Franchise Agreement	Us
Training Expenses ⁽²⁾	\$1,000	\$500- \$2,500 3,500	As Incurred	Before Opening	Hotels; Transportation Lines; Restaurants
RightTrack Startup Package (Tools & Materials) Local Advertising Requirement ⁽³⁾	\$28,575	\$12,000 37,575	Lump Sum As Arranged	Within two (2) weeks of Franchise Agreement Before Opening and As Incurred	Us and Third Party Suppliers
RightTrack Startup Up Package (Grand Opening Package) ⁽³⁴⁾	\$39,375	\$16,850 39,375	Lump Sum	Within two (2) weeks of Franchise Agreement When you signing the Franchise Agreement	Us
Computer, Phone	\$0	\$0- \$2,500	As Incurred	As Incurred	Vendors

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
and Office Equipment					
Vehicle(s) Down Payment ⁽⁴⁶⁾	\$0	\$0—\$11,000	As Arranged	Before Opening	Vendors
Licensing, Permits, and Deposits ⁽⁵⁷⁾	\$0	\$0—\$2,000	As Incurred	As Incurred	Landlord
Insurance Costs including Worker's Compensation ⁽⁶⁸⁾	\$2,000	\$2,000—\$5,500	As Arranged: Annual or Monthly Premium	Before Opening	Insurance Broker
Legal Services	\$500	\$500—\$1,500	As Incurred	As Incurred	Legal Counsel
Additional Funds – 3 months ⁽⁷⁹⁾	\$10,000	\$10,000—\$25,000	As Incurred	As Incurred	Various Vendors
Total	\$195,950	\$151,350—\$188,350242,450			

All amounts shown in the table above are ~~estimates only if you~~for the purchase of three LSAs. Any fees paid to us are not refundable. Amounts paid to any third parties may be refundable, but will depend on your contract or relationship with such third parties. Neither we nor any affiliate finances any part of the initial investment. ~~See Item 10, below.~~

NOTES:

- (1) The Initial Franchise Fee for each LSA must be paid when the Franchise Agreement is executed. We assume that all LSAs will be under 350,000 in population, which means that the estimated Initial Franchise Fee will be ~~\$49,500~~114,500 for a ~~1~~three LSAs franchise and ~~\$109,500 for a 3 LSA franchise~~. You must pay an additional ~~\$0.1520.156~~ per person for population per LSA above 350,000.
- (2) Your ~~or your Owner (if you are an entity)~~Key Personnel must attend training at the location we designate. You are responsible for the expenses you and any attendees will incur for travel and living expenses while training. The cost of this will depend on the number of ~~persons~~people who attend training and the distance you must travel to the training location. You must pay the travel expenses for you and for any additional trainees. ~~(See Item 11.)~~
- (3) We require a Local Advertising Expenditure of at least \$3,000 per month for the first 24 months of operation if you operate 3 LSAs. Additionally, you may wish to spend additional amounts to promote your Franchised Business. The amount above is an estimate of local marketing prior to opening plus for the first 3 months of your operations. If you elect to participate in our optional programs for paid media services (\$300/mo) or social media mastery services (\$225/mo), then you must pay those amounts to us, otherwise all amounts will be paid to third-parties. The estimate above includes paid media services and social media mastery services for 3 months.
- (4) ~~(3)~~The RightTrack Startup ~~p~~Package includes ~~initial tools and equipment, one year of bookkeeping services, and the Grand Opening~~certain tools, materials, and digital Marketing

Package services. The amount listed in this table assumes that you purchase three contiguous LSAs. If you purchase non-contiguous LSAs, we will charge the RightTrack Startup package for each LSA. The estimate above assumes your LSAs are contiguous

- (5) ~~(4)~~ This estimate costs for the first three months of a lease or a sufficient down payment for up to two vehicles to use in the Franchised Business. (See Item 8 for vehicle requirements).
- (6) ~~(5)~~ This estimate includes amounts and other pre-paid costs you may incur in establishing the Franchised Business such as security deposits, utility deposits, business licenses, permits.
- (7) ~~(6)~~ This ~~insurance~~ estimate covers your cost of insurance as required in the Franchise Agreement for the first three to six months ~~to cover up to three LSAs~~. You pay insurance premiums directly to third party insurers. You must deliver to us upon request ~~proper~~ certificates of insurance evidencing the existence of the required insurance coverage. Insurance requirements are identified in the Confidential Operations Manuals. If you fail to procure and/or maintain the required insurance, you authorize us to purchase this insurance on your behalf. In this event, you will be required to reimburse us for all premiums associated with this insurance. The requirements and costs of employer liability and worker's compensation insurance ~~may be variable based~~ depend on the jurisdiction where the Franchised Business is located.
- (8) ~~(7)~~ We considered the experience and operations of our affiliates and franchisees in formulating the "additional funds" amount. These expenses are additional funds you may need to ~~ex~~pend during the initial phase of the Franchised Business. This estimate does not include any financing or loan costs if you elect to obtain financing. These figures do not include your personal living expenses or any revenue, salary, or other compensation that you pay yourself during this period of time. This estimate does not include the cost of a leased Franchised Business Office as most franchisees operate from a home office.

ITEM 8-ITEM 8

RESTRICTIONS ON SOURCES OF ~~PRODUCTS AND SERVICES~~ AND PRODUCTS

Specifications for Products, Services, and Suppliers

Required Purchases and Approved Suppliers

We have developed or may develop standards and specifications for required equipment, supplies, inventory, and other products, assets, and services, including, Technology Systems, service vehicles and vehicle wrap, stationery, reports and forms, promotional materials, and third-party services to be used in your Franchised Business. We may require that you purchase and use only the products, assets, and services meeting our System Standards. You may not use any other equipment, supplies, inventory, other products, assets, and services that do not meet our System Standards without our express approval. We may require that you purchase any products or services only from a supplier designed or approved by us, which may be a third-party vendor or supplier, or may be us or an affiliate of us.

~~You must use only such products, equipment, software, computers, stationery, advertising, vehicle wrap, signage and promotional materials, reports and forms that meet our standards and specifications and use the Marks and colors as prescribed from time to time by us. All materials used must disclose the franchise relationship. You must purchase all approved or required supplies and all online and social media marketing or anything else that uses our Marks from any producer, manufacturer, distributor, supplier or service designated as mandatory for use by us, which may include us or an affiliate ("Required Supplier") or, as applicable, any producers, manufacturers, distributors, suppliers or service providers who have been approved by us ("Approved Supplier"). We do not provide material benefits to a franchisee based on a franchisee's use of Approved Suppliers.~~

If you wish to use any products, services, or suppliers that we have not approved, you must first send us sufficient information, specifications and samples for us to determine whether the service, product, or supplier complies with our System Standards. You must bear all expenses incurred by us in connection with determining whether we will approve an item, service, or supplier. Currently, we estimate that we will provide notice of our decision to approve or disapprove an alternative supplier within 180 days of receiving the request. We are not required to consider alternative suppliers, and we may refuse to consider such requests for any reason. Approval of a supplier may be conditioned on the supplier's ability to provide a sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. We may elect not to issue to you or any of our approved suppliers these standards and specifications. Our standards and specifications for products and services and criteria for suppliers are not currently issued to franchisees or approved suppliers. We may revoke our approval of any products, services, or suppliers at any time by providing you notice. You must promptly cease using, selling, or providing any products, services, or suppliers disapproved by us.

Currently, ~~we are the Required Supplier of~~ you must purchase the RightStart Startup Package, ~~and from us.~~ Additionally, we are an Approved Supplier of Digital Marketing certain optional paid media Services ~~and social media mastery services.~~ ~~Otherwise,~~ neither we nor our affiliates offers or sells any products or services to franchisees. ~~We reserve the right to become an Approved~~ However, we may occasionally centrally pay Suppliers for Required Supplier of any products and services ~~in the future~~ provide to you on your behalf, and you must reimburse us for such amounts. Other than an ownership interest in us, none of our officers ~~has an ownership~~ have an interest in any Required privately held Suppliers, or Approved a material interest in any publicly held Suppliers.

Currently, you must purchase the following additional products and services solely from our Approved Suppliers ~~or Required Suppliers~~: (a) stationery, uniforms, vehicle wraps, and all other supplies bearing our Marks; (b) online and social media marketing; and (c) accounting and customer relationship software. Otherwise, you may purchase products and services from any supplier, provided that such products and services ~~satisfy any applicable~~ comply with our System standards that we establish in ~~the~~ our Confidential Operations Manuals.

Collectively, the purchases you obtain according to our specifications or from approved or designated suppliers represent approximately 30% of your total purchase to establish your Franchised Business, and 5% to 7% of your total purchases to operate your Franchised Business.

Service Vehicle

~~You must own, purchase, or lease a vehicle or multiple vehicles that meet the specifications that are in the Manuals. Currently, our specifications require that vehicles are a commercial van or its equivalent in size and durability. Alternative vehicles are appropriate only depending on the extent of the service request and the amount of supplies and tools needed to complete the service request. We require that the primary vehicles used for the Franchised Business have a marketing wrap that we design, and all vehicles associated with the Franchised Business have approved branded signage. In addition, you will maintain the vehicle(s) at regular intervals in accordance with laws and regulations to reflect safety and insurance requirements. You will also refurbish the vehicle(s) at intervals as determined by us or to reflect any changes in the image, design, format or operation of the System and the Marks.~~

Insurance

During the term of the Franchise Agreement, you must maintain in force at your sole expense the

minimum types and amounts of insurance that we require as part of our System Standards, including:

- ~~• Before you begin operations, you must secure, and throughout the term of the franchise maintain, at your expense, insurance policies to insure against loss, liability, or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Business. Present requirements are:~~ commercial general liability insurance with bodily injury and property coverage written on an “occurrence” policy form of at least \$1,000,00 single limit per occurrence; ~~medical expense for any one person of at least \$5,000; products and complete operations aggregate of \$2,000,000; personal and advertising injury in the amount of at least \$1,000,000; fire damage in the amount of at least \$300,000; aggregate policy limit in the amount of at least \$2,000,000; Automobile Insurance~~
- medical expense for any one person of at least \$5,000;
- products and complete operations aggregate of \$2,000,000;
- personal and advertising injury in the amount of at least \$1,000,000;
- fire damage in the amount of at least \$300,000;
- aggregate policy limit in the amount of at least \$2,000,000;
- automobile insurance for any owned, leased, non-owned and hired automobile coverage in an amount of not less than \$1,000,000 with \$500 deductibles for both the collision and comprehensive deductible. ~~If;~~
- if you use any employees or independent contractors to perform the services of the Franchised Business, you must have Workers’ Compensation insurance as required by state law; ~~and~~
- Employer Liability with coverage of not less than \$1,000,000 per accident and \$1,000,000 policy limit in the aggregate. ~~If;~~
- if you own office or warehouse space, you are encouraged to have Property Insurance for the building, business/personal property and the property of others in the replacement amount of the contents of the site. ~~All policies must be issued by an insurer(s) rated A or better in Class X by Alfred M. Best and Company Inc., or comparably rated by Moody’s and/or Standard and Poor’s or similarly reliable rating services acceptable to us. All insurance policies shall in all instances be considered primary non-contributory coverage and expressly protect both you and us from liability and action. We must be named in all policies as a co-insured or an additional named insured. You must furnish to us a certified copy of the certificate with respect to each policy, which provides that such policy shall not be canceled or modified except upon 30 days prior written notice to us. If you fail to obtain or maintain in force any insurance as provided in the Franchise Agreement or to furnish the certificates required, we may maintain or obtain insurance and/or certificates on your behalf, and you must promptly reimburse us for all premiums and other costs incurred. We may increase the amounts of coverage or require different or additional coverage in the future due to inflation, the identification of new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances. Insurance requirements are identified in the Manuals.~~

~~We reserve the right to make insurance available to you through a risk purchasing group program or other group insurance option that we manage. While not currently required, we reserve the right to require you to participate in such a program. There are otherwise no current purchasing or distribution cooperatives.~~

Approval of Alternative Suppliers

~~If you wish to use a supplier other than as approved or designated by us, you must receive our approval. We will consider a variety of factors when designating an Approved Supplier. These factors include: their demonstrated capacity to meet our standards and specifications; financial strength and business reputation of the supplier; its standards of quality, service, safety and health and adequate quality controls; ability to fill orders in a timely fashion based on quantity projections; ability to serve the needs of franchisees and deliver the product on a regional or national scale; and protection of our proprietary information. We are not required to provide you or any such proposed suppliers our confidential requirements for evaluating and approving suppliers. We do not charge a fee for evaluating an alternative supplier. We may elect not to consider or evaluate an alternative supplier if we have already designated Approved Suppliers or Required Suppliers for any particular product or service.~~

~~We or our agents may inspect any approved vendor or supplier facilities to assure compliance with our specifications and standards. Permission for inspection will be a condition of our continued approval of any vendor or supplier. If we find from any inspection that a vendor or supplier fails to meet our specifications and standards, we will give written notice describing this failure to you and to the vendor or supplier, with a notice that unless the failure or deficiency is corrected within a reasonable period of no more than 30 days, the vendor or supplier will no longer be approved.~~

~~We will notify you of our approval or disapproval of a proposed supplier within 180 days of receiving your written request for approval. If we notify you that a supplier no longer meets our standards and specifications, you must immediately stop using that supplier's products. Additional specifications for Approved Suppliers, equipment, Products and Services may be included in our Manuals or in written communications to you, which may include email, and may periodically change.~~

Negotiated Pricing and Rebates

~~We may negotiate arrangements with a suppliers of promotional and marketing items or other supplies for the benefit of franchisees, including pricing terms. Currently, we have negotiated purchase agreements including pricing terms with suppliers of reputation management software, branded apparel and merchandise, and service management software.~~

We may require that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. We may require increased coverage if you wish to serve National Account Clients. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Franchised Business' operation or activities of you and your personnel. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher. Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved and provide us with 30 days' prior written notice of a policy's material modification, cancellation, or expiration.

If you engage any subcontractor to perform other services for customers of the Franchised Business, such subcontractor must be covered by your insurance or must have the types of insurance and amount of coverage as set forth in the Confidential Operations Manuals for all services performed. Such insurance policy must name you, your Owners, us, and any affiliates we designate as additional named insureds under the policy. You must obtain from each subcontractor a certified copy of the certificate of insurance evidencing such coverage prior to the date the subcontractor performs any services.

Revenue Derived from Franchisee Purchases and Leases

~~We may also derive revenue from suppliers as a result of purchases by franchisees and/or our affiliates may derive compensation or other benefits based on your purchases or leases, including from designated or approved suppliers. We have the right to retain such compensation or benefits, and you will have no interest in or claim to such compensation or benefit. Additionally, we may occasionally pay any of our Approved Suppliers or Required or designated Suppliers on your behalf, and you must reimburse us for such amounts. We have the right to retain such compensation or benefits and you will have no interest in or claim to such compensation or benefit. Currently, we receive a rebate of 5% of sales to currently receive the following compensation from suppliers on the basis of purchases and leases made by franchisees: 5% of total purchases made by franchisees from our designated supplier or for branded apparel and merchandise. Otherwise, neither we nor our affiliates currently receives rebates from suppliers based on franchisees' purchases, but we reserve the right to do so in the future. In our fiscal year ending December 31, 2023, we received \$1,792 (0.05% of our total revenue of \$3,105,328) from vendors 3,023,688); and (b) we derived \$796,750 from the sale of supplies, products, and services to franchisees (26% of our total revenue of \$3,023,688). Other than the foregoing amounts, in our prior fiscal year neither we nor our affiliates received any compensation or benefits from suppliers on the basis of sales to franchisees or from franchisee purchases.~~

Revenue from Franchisee Purchases

~~Our revenue derived from the sale of supplies, products, and services to franchisees for the year ending December 31, 2023, was \$845,040 (27% of our total revenue of \$3,105,328). This revenue came from the collection of Technology Fees, Digital Marketing Services, and RightTrack Startup package. Other than as described in this Item 8, neither we nor our affiliates derived any revenue in our prior fiscal year from the sale of products and services to franchisees.~~

Purchasing Cooperatives and Arrangements

~~There are no purchasing or distribution cooperatives in existence for the System. We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. Currently, we have negotiated purchase agreements (including pricing terms) with suppliers for the following goods and services: (i) reputation management software, (ii) branded apparel and merchandise, and (iii) service management software. You may be required to purchase these items at a price or on other terms we have negotiated in advance. We do not provide you with any material benefit (such as renewal rights or additional franchise rights) based on your purchase of particular products or services or use of particular suppliers.~~

~~We do not have any purchasing or distribution cooperatives but reserve the right to do so.~~

ITEM 9

Costs to Establish and Operate the Franchised Business

~~We estimate that the required purchases according to our specifications or from Approved Suppliers represent approximately 30% of your cost to establish the Franchised Business and approximately 5-7% of your cost to operate the Franchised Business on an ongoing basis.~~

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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 <u>Obligation</u>		Section(s) in Agreement <u>SECTION IN FRANCHISE AGREEMENT</u>	ITEM IN DISCLOSURE DOCUMENT <u>Disclosure Document Item(s)</u>
<u>a.</u>	a. Site selection and acquisition/lease	Franchise Agreement, Sections <u>2.14.1 and 1</u>	Items <u>7</u> and <u>8</u>
<u>b.</u>	b. Pre-opening purchases/ <u>leases</u>	Franchise Agreement, Sections <u>7.3.2 and 4.3</u>	Items 7, 8 and 11
<u>c.</u>	c. Site development and other pre-opening requirements	None <u>Section 4.1</u>	Items 7, <u>8,</u> and <u>11</u> and 16
<u>d.</u>	d. Initial and ongoing training	Franchise Agreement, Section <u>6.7</u>	Item <u>6, 7,</u> and <u>11</u>
<u>e.</u>	e. Opening	Franchise Agreement, Section <u>2.24.4</u>	Item 11
<u>f.</u>	f. Fees	Franchise Agreement, Sections <u>3.2.2, 4, 6.1, 7.3.9, 12.10.2, 3.2, 3.3, 7, 10.2, 10.5, 11.8, 11.10, 11.12, and Summary Page</u>	Items <u>5</u> and , <u>6,</u> and <u>7</u>
<u>g.</u>	g. Compliance with standards and policies/ <u>Operating</u> Manuals	Franchise Agreement, Sections <u>6.24, 7.5, 8, 8.3, 9, 10, and 11</u>	Item <u>8,</u> <u>11,</u> <u>14,</u> and <u>16</u>
<u>h.</u>	h. Trademarks and proprietary information	Franchise Agreement, Sections <u>8.5, 6.1, and 8.2</u>	Items 13 and 14
<u>i.</u>	i. Restrictions on products/services offered	Franchise Agreement, Sections <u>2.3.3</u> <u>6.3, 7.3.11</u> <u>11.1, 8.2</u> <u>11.10, 8.6</u> <u>11.11, and 11.14</u>	Items 8 and 16
<u>j.</u>	j. Warranty and customer service requirements	Franchise Agreement, Sections <u>7.3.4, 7.5.3, 10.2.8</u> <u>11.4 and 11.7</u>	Item <u>11</u> <u>16</u>
<u>k.</u>	k. Territorial <u>D</u> evelopment and sales quotas	Franchise Agreement, Sections <u>7.2,</u> <u>2.1.5</u> <u>11.2 and 11.9</u>	Item 12 and 16
<u>l.</u>	l. Ongoing product/service purchases	Franchise Agreement, Section <u>7.3.5</u> <u>11.1</u>	Items 8 and 16
<u>m.</u>	m. Maintenance, appearance and remodeling requirements	Franchise Agreement, Sections <u>7.3.5.4.2, 8.1, 8.3, and 11.2</u>	Item <u>6</u> and <u>11</u>
<u>n.</u>	n. Insurance	Franchise Agreement, Section <u>7.4</u> <u>11.13</u>	Items <u>6,</u> <u>7,</u> and <u>8</u>
<u>o.</u>	o. Advertising	Franchise Agreement, Section <u>2.1(2),(3)</u> <u>4.3, 7.2, 9</u>	Items 6, 7 and 11
<u>p.</u>	p. Indemnification	Franchise Agreement, Section <u>7.5</u> <u>16.2</u>	Item 6
<u>q.</u>	q. Owner's participation/management/staffing	Franchise Agreement, Sections <u>17.3</u> <u>1.3 and 11.4</u>	Item 15
<u>r.</u>	r. Records and reports	Franchise Agreement, Section <u>5</u> <u>10</u>	Item <u>6</u> <u>11</u>

OBLIGATION <u>Obligation</u>		Section(s) in Agreement <u>SECTION IN FRANCHISE AGREEMENT</u>	ITEM IN DISCLOSURE DOCUMENT <u>Disclosure Document Item(s)</u>
<u>s.</u>	s. Inspections and audits	Franchise Agreement, Sections 5.4, 5.5., 7.3.15 <u>10.5 and 11.2</u>	Items <u>6, 11, and 13</u>
<u>t.</u>	t. Transfer	Franchise Agreement, Section 9 <u>14</u>	Items 6 and 17
<u>u.</u>	u. Renewal	Franchise Agreement, Section 3.2	Items 6 and 17
<u>v.</u>	v. Post-termination obligations	Franchise Agreement, Sections 3.4, 11.6 and 13	Item 17
<u>w.</u>	w. Non-competition covenants	Franchise Agreement, Section 11.8 <u>6.3</u>	Item 17
<u>x.</u>	x. Dispute resolution	Franchise Agreement, Section 12 <u>18</u>	Item 17
<u>y.</u>	<u>Unlimited Guaranty and Assumption of Obligations</u>	<u>Section 15.3</u>	<u>Item 15</u>

~~ITEM 10~~ ITEM 10

FINANCING

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

~~ITEM 11~~ ITEM 11

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

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

Before you begin operating your Franchised Business, we will:

~~(1) Designate your LSA. Review and approve or disapprove your Franchise Location. We do not provide any site assistance. We do not own or lease any premises to you. (Franchise Agreement, Section 2.1 and Schedule 1).~~

(1) Make available to you our System Standards for your Franchised Business Office, service vehicle, service tool and equipment, and other equipment, signs, fixtures, opening inventory, and supplies necessary for the establishment and development of PatchMaster Businesses (Franchise Agreement, Sections 8.1 and 11.1). Other than providing you with our System Standards for products and suppliers, we do not otherwise deliver, install, or provide assistance with obtaining equipment, signs, fixtures, opening inventory, or supplies.

(2) Make our Training Program available to you (or if you are a business entity, your Owners), and up to three other representatives as requested by you (one of which must be your General Manager, as applicable) (Franchise Agreement, Section 7.1).

- (3) ~~(2)~~ Provide you ~~or your owner (if you are an entity) with our Initial Training Program with~~ access to the Confidential Operations Manual (Franchise Agreement, Section ~~6.18.2~~).

Site Selection

~~(3) Provide you access to Manuals for operating the Franchised Business. The Manuals contain our standard operational procedures, policies, rules, and regulations with which you must comply. The Manuals also contain written specifications and standards for and a list of required Supplies, including equipment, signs, fixtures, opening inventory, and supplies and a list of Approved Suppliers. These lists may update periodically in our sole discretion. We do not deliver or install any of these items for you. (Franchise Agreement, Section 6.2). We may periodically modify the Manuals to convey to you any changes in the authorized products and services, specifications, standards and operating procedures. The Manuals may be provided electronically. (Franchise Agreement, Section 6.2) Our Manuals contain approximately 39 pages. The current table of contents for the Manuals, as of the date of this Disclosure Document, is found in Exhibit C.~~

Your Franchised Business Office will be determined prior to the signing of your Franchise Agreement and must be located within your LSA(s), unless you have our express written approval. The criteria we use to evaluate the selected site includes visibility, size, layout, adjacent uses, parking, demographics, local competition, and other factors we determine periodically. Neither we nor our affiliates own the sites for your Franchised Business Office or lease those sites to franchisees. You may use your home as your Franchised Business Office if it is in your LSA(s) and satisfies our other criteria. You are solely responsible for your Franchised Business Office, including maintaining, insuring, and paying all associated costs for the Franchised Business Office. You must manage and administer your Franchised Business from the Franchised Business Office, including maintaining the books and records of your Franchised Business. We may periodically establish System Standards for the Franchised Business Office, including relating to size, safety, or insurance requirements, and you must comply with all System Standards.

Opening of Franchised Business

We estimate that you will begin operating your Franchised Business within 60 to 120 days of signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to begin operating your Franchised Business by the deadline specified in your Franchise Agreement. The date you may begin operating your Franchised Business will depend on whether you have completed all of the following requirements, all of which are mandatory prior to commencing operations: (a) obtained and provided us copies of all certifications, permits and licenses required to operate your Franchised Business, including those specified as mandatory in the Confidential Operations Manual; (b) established a Franchised Business Office with all required office equipment and broadband or high-speed internet service; (c) acquired a service vehicle meeting our System Standards, and have it wrapped and lettered it in accordance with our System Standards; (d) acquired the service tools, equipment, and initial inventory required for the operation of your Franchised Business; (e) furnished us with copies of all insurance policies required by the Franchise Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as we may request; (f) hired and trained the personnel necessary or required for the operation of your Franchised Business; (g) completed the Training Program to our satisfaction; and (h) paid in full all amounts due to us. You may not commence operations until you have met all of the conditions above and our System Standards, and you receive notice from us that you are authorized to open.

Confidential Operations Manual

We will make information about the System Standards, and other suggestions and general guidance for

operating a PatchMaster Business available to you, which may include one or more manuals, bulletins, publications, newsletters, memoranda, videos, and other communications from us and our representatives, in printed, electronic, audio/video, or other form (collectively, the “Confidential Operations Manual”). We may modify the Confidential Operations Manual periodically, including changing System Standards. The approximate total number of pages in the Confidential Operations Manual is 39. The Table of Contents of the Confidential Operations Manual, along with number of pages devoted to each section, is included as Exhibit C to this Disclosure Document.

(4) During the After you begin operation of your Franchised Business, we may will:

~~(1) Require you or your owner (if you are an entity) to attend refresher and additional training courses described in greater detail later in this Item. Provide additional training programs and support services as we deem appropriate. (Franchise Agreement, Section 6.2).~~

1. (2) Provide assistance during certain normal working hours and subject to reasonable limitations on resources ~~Indemnify you if anyone challenges your right to use the Marks, provided you have complied with your Franchise Agreement. (Franchise Agreement, Section 6.3.35.6)~~

2. (3) Continue to P ~~provide you with continued access to our~~ access and modifications to the Confidential Operations Manuals. (Franchise Agreement, Sections 6.28.2 and 11.1).

3. (4) Review your advertising materials and approve or disapprove them for your use ~~Administer the Brand Fund as described in your Franchise Agreement (which may not directly benefit your LSA(s) or Franchised Business). (Franchise Agreement, Section 7.2.19.2).~~

~~(5) Inspect your Franchise Location at any time it is open for business or at any other reasonable time to check on the condition and operation for compliance with the Franchise Agreement and require that franchisee comply with any other applicable laws. (Franchise Agreement, Section 7.3.15).~~

4. Establish prices charged to National Account Clients and prices for products or services sold through any Franchise System Website (as defined below). (Franchise Agreement, Sections 11.10 and 11.11)

Advertising and Internet Usage Promotion

~~In the interest of maintaining the integrity, force, quality, image, and goodwill associated with the Marks and the PatchMaster Brand, any advertising and promotional materials you choose to develop to promote the Franchised Business, must first be reviewed and approved in writing by us. (Franchise Agreement, Section 7.2.1) All of your advertising and promotions must be accurate and truthful, comply with applicable laws and regulations on consumer advertising, and designate the geographic area you are licensed to service. (Franchise Agreement, Sections 7.2.2 and 7.2.3)~~

Local Advertising. You are solely responsible for conducting all local advertising for your Franchised Business. We are not obligated to spend any particular amount on advertising in your area or your LSA(s). You must advertise and market your Franchised Business in any advertising medium we determine, using forms of advertisement we approve, including using the national telephone number provided by us for all advertising and promotional purposes as we direct. You must also list your Franchised Business with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require. You must comply with all of our System Standards for your advertising. All advertising materials that you use and any advertising activities that you conduct must be factually accurate, conform to the highest standards of ethical advertising, and comply with all federal, state, and local laws. You must ensure your advertisements materials do not infringe upon the intellectual property rights of others.

You must submit to us, for our approval prior to use, all advertising and promotional materials that you wish to use to promote your Franchised Business and/or that display the Marks. You may not use any

advertising, promotional, or marketing materials that we have not approved in writing. We may revoke our approval of any advertising, promotional, or marketing materials at any time. We may prohibit certain types of marketing, including prohibitions on mass marketing and requirements for identifying a service area or location. You must disclose your LSA(s) and your authorized phone number in a manner we have approved in all of your advertising, promotional, and marketing materials. You must promptly cease using any advertising, promotional, or marketing materials disapproved by us.

We may require you to spend a minimum amount on local per month on advertising and promotion of the, promotions, and public relations for your Franchised Business. ~~(Franchise Agreement, Section 7.2.5) If we impose such a requirement, we may also establish standards for~~ in your LSA(s) (“Local Advertising Expenditure”). Currently, during the first 24 months of your operations, we require you to spend a minimum of \$2,000 per month if you operate 1 or 2 LSAs, or \$3,000 per month if you operate 3+ LSAs as your Local Advertising Expenditure. We may modify the Local Advertising Expenditure, including requiring a Local Advertising Expenditure after the first 24 months of your operations, provided that it will not exceed \$2,000 per month per LSA. We will determine what types of expenditures will count towards ~~the minimum requirement,~~ your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any ~~€~~ costs that you incur for ~~customer facing graphics and signage (advertising conducted at the Franchised Business Office and/or on service vehicle(s), such as vehicle wraps) and your overhead (such as personnel costs),~~ will not be counted towards ~~the minimum~~ your Local ~~a~~ Advertising ~~requirement~~ Expenditure. At our request, you must send us an accounting of your Local Advertising Expenditure. We may periodically ~~modify the amount of the minimum~~ require you to pay part or all of the Local ~~a~~ Advertising ~~e~~ Expenditures ~~requirement, with~~ to us or our affiliates. We may at any time, with at least 30 days’ notice to you. ~~We do not currently impose a minimum,~~ change the proportion of the Local ~~a~~ Advertising ~~e~~ Expenditure ~~requirement~~ that you must spend directly, versus paying us or our designee.

~~You may not register any of the Marks on the Internet or any other computer on-line service. (Franchise Agreement, Section 8.6) You may not create, develop, maintain, and/or use your own website, blog, vlog, social network, or other on-line venue or communication on the Internet using any of the Marks. We, in our sole discretion shall establish all social networking accounts on behalf of Franchisee that use the Marks. Franchisee shall not under any circumstance use the Marks on any social networking website or any other media that exploits, utilizes, displays, or otherwise makes use of any of the Marks. For any accounts that we establish on behalf of Franchisee, Franchisee has no right, title or interest to any webpage on any of Franchisee’s social networking sites including, but not limited to, all “fans”, “followers”, “friends” and “contacts” associated therewith which mentions, uses or refers in any way to the Marks or other intellectual property. You must use our approved vendors for online and social media marketing or anywhere else that uses our Marks.~~

Optional Franchisee Programs. We may periodically establish one or more optional programs for franchisees, which you may elect to participate in for an additional cost. If we establish any such programs, and you elect to participate, you must pay the associated fee as we require and comply with the terms and conditions for those programs. You may elect not to participate in these optional programs, provided that you understand that you will not be entitled to the benefits of such programs in such case. We may modify and/or discontinue any optional programs that we establish at any time, and/or establish new optional programs at any time. We may also establish franchisee qualifications and/or participation criteria for such optional programs, and/or elect not to provide you access to any such optional programs for any reason. We currently offer optional programs for: (a) paid media services, including certain lead aggregation services and digital marketing expenditures for \$300 per month; and (b) social media mastery services, including social media advertising, customer engagement, local postings, and related strategies

for \$225 per month. If you choose to participate in these optional programs, the fees payable to us will be in addition to, and not be counted towards, your Local Advertising Expenditure.

Brand Fund. We have established and administer a marketing, advertising, and promotional fund to facilitate advertising and marketing efforts for the PatchMaster® brand, the franchise system, any products or services offered by PatchMaster Businesses, and/or PatchMaster Businesses (“Brand Fund”). Currently, you must contribute 1% of Gross Revenue monthly to the Brand Fund (“Brand Fund Contribution”). We may modify the amount of the Brand Fund Contribution to up to 3% of Gross Revenue. If we own any PatchMaster Businesses in the future, they will contribute to the Brand Fund at the same rate required for franchisees.

~~You are not obligated to participate in any local or regional advertising cooperative.~~

Marketing Fund

~~We reserve the right to require you to contribute up to 3% of your Gross Revenue to the PatchMaster marketing fund. The required contribution is currently 1% of your Gross Revenue. We may increase the fee up to 3% of Gross Revenue at any time and from time to time upon 30 days’ notice to you. (Franchise Agreement, Section 4.3). Affiliate owned PatchMaster businesses will pay a Marketing Contribution consistent with other franchisees. If all of the Marketing~~ have exclusive control over all programs and services administered by the Brand Fund, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. We do not guarantee that any particular franchisee will benefit directly from expenditures by the Brand Fund, or that any such expenditures will be in proportion to any franchisee’s contributions. The program(s) may be local, regional, or national in scope. We do not guarantee the results of any Brand Fund programs, services, or expenditures in any manner. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences, software, applications or other technology solutions; administering advertising, marketing, and promotional campaigns and programs; using public relations and marketing agencies and other advisors to provide assistance; conducting customer surveys and programs; developing market research and other marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the PatchMaster® brand, and/or PatchMaster Businesses. We may also use the Brand Fund to pay for the Brand Fund’s other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time. We do not anticipate using any Brand Fund allocations to principally solicit new franchise sales. We may modify Brand Fund programs, services, or expenditures at any time. If all of the Brand Fund Contributions are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Marketing Brand Fund for use in the following years.

~~Marketing contributions are deposited into our general operating account and are commingled with our general operating funds. (Franchise Agreement, Section 4.3.2). An accounting of the marketing contribution deposits constitutes the marketing fund. We, without seeking or obtaining agreement with franchisees, and not as a condition to the grant or acceptance of the Franchised Business, but strictly as a unilateral expression of intention and of business policy designed to enhance the competitive effectiveness and general public acceptance of the PatchMaster name and business, shall use the marketing fund (“Marketing Fund”) as we shall, in our sole discretion, deem beneficial for the brand, including the development and implementation of PatchMaster marketing, advertising and promotional programs to enhance the competitive effectiveness and general public acceptance of the PatchMaster name and service. (Franchise Agreement, Section 4.3.1). Currently, we use certain in-house marketing and~~

~~advertising resources as well as uses outside designers and agencies to create and execute marketing efforts and campaigns.~~

~~We intend to use the Marketing Fund to build the reputation, awareness, visibility and acceptance of the PatchMaster name and Marks and the services associated therewith and to provide marketing, advertising and promotional materials and services to benefit the entire PatchMaster System. We shall direct all marketing programs financed by the Marketing Fund with sole discretion over all aspects of the Marketing Fund's usage, including, but not limited to, the creative concepts, materials, endorsements, types of media and geographic allocation of media placement. Marketing Fund expenses may include, but not be limited to: i) website development, content creation, social media, materials for marketing to the trades, past customers, and other industry related contacts, and other media coverage that is national, regional or local in scope; ii) assisting franchisees in implementing marketing, advertising, and promotional tools and programs, which may include field visits, annual PatchMaster Brand conference/regional meeting costs attendant to marketing efforts or other targeted or system wide marketing efforts at our discretion; iii) those associated with brand recognition for franchise sales purposes; iv) payments to us for the expense of administering the Marketing Fund, including administrative costs, overhead, accounting expenses and salaries and benefits paid to our employees engaged in the marketing, advertising and promotion functions or as an allocation for certain Corporate Services as described below.~~

We may at any time reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will first pay all outstanding invoices and debts incurred by the Brand Fund, and then we will return the remaining balance to franchisees in proportion to their Brand Fund Contributions in the 12 months prior to such termination.

We may elect to maintain multiple Brand Funds or the administration thereof, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to the terms of the Franchise Agreement. The Brand Fund is not a trust, and we assume no fiduciary duty in administering the Brand Fund.

An accounting of the operation of the Brand Fund will be prepared annually and will be available to you upon written request. We retain the right to have the Brand Fund reviewed or audited and reported on, at the expense of the Brand Fund, by an independent certified public accountant selected by us. We may also administer the Brand Fund through a separate entity whenever we deem appropriate, and such entity will have all of the rights and duties reserved to us. During our last fiscal year ended December 31, 2024, we spent the Brand Fund Contributions in the following manner: 13% on media production; 26% on media placement; and 61% on administrative expenses. We did not spend any amounts principally to solicit franchise sales.

Other than participation in the Brand Fund under the terms described above, you are not required to participate in any local or regional advertising cooperatives.

~~The Marketing Fund shall pay reasonable costs of administration, including, overhead and salaries that we may incur related to the Marketing Fund's purpose. Specifically, we have the right to use part of the Marketing Fund for joint or collective advertising campaigns with related, affiliated companies. Marketing Fund costs for formulation, development and placement of advertising, marketing, promotional and public relations materials will include marketing staff compensation, travel expenses, and a proportionate share of the compensation for our senior management who devote time and render services for advertising, marketing and/or promotional purposes or the administration of the Marketing Fund. The Marketing Fund may compensate us or our affiliated entities for out of pocket costs and for reasonable expenses incurred for rent, overhead, accounting, collection, reporting, legal, human resources, finance,~~

~~operations, management and other services (collectively “Corporate Services”), which we or our affiliated entities provide to, or which relate to the administration of or services provided to, the Marketing Fund and its programs. We and our affiliated entities may provide certain products and/or services to the Marketing Fund, including the Corporate Services outlined above, which would otherwise be provided by unaffiliated third parties, and we and our affiliates will be entitled to compensation by the Marketing Fund for such products and/or services. In those cases where Corporate Services costs are shared, we and our affiliates determine how much of the overall expenses incurred for Corporate Services for a calendar year are reasonably attributable to marketing, promotional and advertising services. These expenses are allocated based on revenue, headcount, usage and similar bases, as we deem appropriate for the specific Corporate Service. We have the right to periodically modify the allocation process and the methodology described in this paragraph.~~

~~We shall direct all marketing programs financed by the Marketing Fund with sole discretion over the creative concepts, materials, endorsements, types of media and geographic allocation of media placement. We do not have to spend any amount on marketing, advertising, promotion or fieldwork in your area. None of the money contributed to the Fund has or will be used by us in the offer of franchises.~~

~~Franchisees may receive an annual unaudited accounting of the advertising fund’s receipts and disbursements upon written request. This accounting of the advertising fund is not audited.~~

~~In the fiscal year ended December 31, 2023, the expenditures of the Marketing Fund were made as follows: 7.0% on Media Production; 16.9% on Media Placement; and 76.1% on Administrative Expenses.~~

~~Franchisee Advertising Council. Currently, there is no specific franchisee advertising council composed of franchisees that advises us on that provides us with guidance or suggestions regarding advertising policies and marketing matters.~~

~~Online Activities. Except as approved by us, you may not, directly or indirectly, develop, maintain, or authorize any website, domain name, email address, social media account, other online, virtual, digital, or electronic presence of any kind (“Online Presence”) that displays any of the Marks, promotes or advertises your Franchised Business, links to any Online Presence maintained by us, or engage in any promotional or similar activities, , and/or offer any products or services for sale on any Online Presence. If we approve the use of any Online Presence, you must develop and maintain such Online Presence only in accordance with our guidelines, including guidelines for posting any messages or commentary on other third-party platforms, preparing and linking a privacy policy to such Online Presence, and other System Standards we may establish periodically. At our request, you must grant us or our designees access to each such Online Presence, and take whatever action (including signing documents) we request to gain access, control, or ownership of such Online Presence.~~

~~**Computer System and Equipment**~~

~~You must own a laptop or desktop computer system loaded with commercially available software. You may also be required to purchase certain proprietary or third-party software from us or a third-party vendor, including customer relationship management accounting software. (Franchise Agreement, Section 7.3.13). Our current requirements are that the computer system be equipped with the most recent Windows operating system, Ethernet and USB ports and must support a functioning e-mail program (Franchise Agreement, Section 7.3.13). Currently, required software includes accounting and customer relationship management software. We will have independent access to information and data that you collect, and your computer system must be capable of sending and receiving e-mails to and from us. High speed internet access is required. The approximate cost to purchase or lease this type of computer system is between \$750 and \$2,000. You will be provided with a telephone number for your smart phone which must be exclusively used for the Franchised Business. (Franchise Agreement, Section 6.3.2.) The estimated cost to purchase a smart phone is approximately \$500. You must pay for ongoing maintenance and repairs to this equipment, as well as any upgrades or updates we require. (Franchise~~

~~Agreement, Section 7.3.13). We estimate that the current annual cost of updates and maintenance is approximately \$500 to \$1,000. We are not required to assist you with buying this equipment. We may transmit communications to you including updates of the Manuals and any policies and procedures via email or through a website portal. (Franchise Agreement, Sections 6.2, 6.3.4). We have no contractual obligation for maintenance, repairs, updates, and upgrades to your computer systems.~~

Location Approval

~~You must select a location for the operation of your Franchised Business within your LSA, subject to our approval. If you choose to have a home office and live outside your LSA, you must establish a business address/location within your LSA. (Franchise Agreement, Section 2.1.1.) In determining whether a location will be approved, we will consider the population density and other relevant demographics as well as the distance from other franchise locations and the number of additional franchises that may be established in the general area in the future. We will advise you whether your proposed location is approved or disapproved within 30 days of the date we receive written notice of your proposed location. We do not provide assistance with conforming the premises to local ordinances and building codes or obtaining any required permits, and/or constructing, remodeling, or decorating the premises. If you do not submit a site for the location of your business that is approved by us, your franchise may be terminated.~~

Typical Length of time Before Operation

~~We estimate that you will open your Franchise Business within 60 to 120 days of signing the Franchise Agreement. You will not be permitted to open your business until you have satisfactorily completed the Initial Training Program. (Franchise Agreement, Section 7.1), provided proof of required insurance (Franchise Agreement, Section 7.4) and obtained necessary licenses/permits. The factors that affect the time between the signing of the Franchise Agreement and opening of the Franchise Business include obtaining an appropriate Franchise Location, obtaining required licenses and permits, obtaining third-party financing (if necessary), the successful completion of training, obtaining necessary tools and equipment, procuring promotional materials, completing the hiring and training of any support staff and your ability to adequately service the Franchised Business. You may begin operating your Franchised Business only after we give our written approval for you to do so. (Franchise Agreement, Section 2.2).~~

We may establish, acquire, or host any Online Presence to advertise, market, and promote PatchMaster Businesses and/or the PatchMaster® brand, the products, and services that they offer and sell, and/or a franchise opportunity (a “Franchise System Website”). We will own all intellectual property and other rights in all Franchise System Websites, including as it relates to your Franchised Business, and including all information contained on any Franchise System Websites (including the account information and credentials, analytic data and reports, user submitted content and data, and all messages and other information or materials directed to or from other messaging platforms associated with any Franchise System Website), and all data and content of branded email addresses we issue you and your personnel.

Technology Systems

You must acquire and use all hardware, software, and IT systems that we specify periodically, including computer, point-of-sale, financial, telecommunications, security and similar systems, together with the associated hardware, software, applications, integrations, and related equipment and services (collectively the “Technology Systems”). We may establish System Standards for the Technology Systems and/or require the use of designated Technology Systems for any purpose associated with your Franchised Business, including purchasing, estimating, pricing, scheduling, accounting, order entry, inventory control, security, data management, information storage, retrieval and transmission, customer information, customer programs, marketing, communications, or any other business purpose. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

Currently, the Technology Systems are comprised of: (i) a laptop or desktop computer system loaded with commercially available software and equipped with the most recent Windows operating system, Ethernet and USB ports, and must support a functioning e-mail program, and high-speed internet; (ii) a smartphone equipped with a telephone number we have provided you; (iii) accounting software; and (iv) customer relationship software. You will be provided with a telephone number for your smart phone which must be exclusively used for the Franchised Business.

We estimate the total start-up costs to purchase a new Technology System will range from \$1,250 to \$2,500, however, the amount may be zero if you already own a computer and smart phone.

We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade existing Technology Systems, upon reasonable notice to you. Certain components of the Technology Systems must be purchased or licensed from designated or approved third party suppliers, which may be us or our affiliates. We may also enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use.

You do not have to enter into any ongoing maintenance or support agreements for the maintenance of your computer or the various software programs, but you may find it advantageous to do so. If you enter into a maintenance, upgrading or support contract, the annual costs may range from \$500 to \$1,000 per year, depending on your area and which maintenance provider you employ.

You must take all steps necessary to enable us to have independent and unlimited access to the data collected through the Technology Systems, including information regarding your Gross Revenue, relating to customers and jobs completed, and any other information relating to your Franchised Business. You must provide us, upon request, with all user IDs and passwords for your Technology Systems, including upon termination or expiration of the Franchise Agreement. You may periodically be required by us to update or upgrade the Technology Systems. There is no limit on our right to impose such changes and you must comply with the changes we introduce and require for the Technology Systems.

Training

~~We will provide you (and your owners and/or other representatives) the Initial Training Program at no charge for the life of the franchise provided (i) you are in good standing under the Franchise Agreement by being current in the payment of all fees and are otherwise fully compliant with your contractual obligations and requirements/specifications identified in the Manuals; and (ii) we approve of the training candidate(s). All training will remain subject to our reasonable limitations on scheduling and resources, including that you may not invite more than 3 individuals to any such training at one time without our approval, and including that we reserve the right to offer any or all training by virtual means. The Initial Training Program will occur at the time designated by us at our principal offices or at such other location as we shall designate and/or by webinar or other online training method. This initial training program will cover operations, marketing, financial reporting requirements, equipment, brand requirements and standards, and Products and Service offerings (“Initial Training Program”). (Franchise Agreement, Section 6.1.1) You and your owners must successfully complete the Initial Training Program at least 30 days before operation of the Franchised Business. If during the course of the Initial Training Program or within 15 days thereafter we conclude that you have not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to operate the Franchised Business in accordance with the standards and procedures of our franchise system and as a franchisee of ours, we may terminate the Franchise Agreement.~~

~~We may provide, at our option, additional training programs for you and your owners at locations designated by us and/or online, for an additional fee (currently, \$500 per person, plus costs and expenses) (Franchise Agreement, Section 6.1.2). Under certain circumstances, including but not limited to, new Products and Service offerings being added to the System or your unsatisfactory performance of your obligations, we may require you and your owners to attend additional training courses from time to time and to pay us an additional training fee (currently, \$500 per person, plus costs and expenses).~~

~~You will be responsible for all expenses that you and your owners and other attendees incur in connection with the Initial Training Program and any additional training programs, including, without limitation, travel, lodging, meals and other living expenses.~~

~~As of the date of this Franchise Disclosure Document, our current Initial Training Program, which may be periodically changed, is as follows:~~

~~Training Program. We will provide a training program on the material aspects of operating a PatchMaster Business (the “Training Program”) to you (or if you are a Business Entity, your Owners), and up to three other representatives as requested by you (one of which must be your General Manager) (together, your “Key Personnel”). You may invite additional persons to attend the Training Program if space allows. If we approve such requests, we may charge our then-current training fee (currently, \$500 per day, per trainee, plus expenses) for each additional person attending the Training Program, and/or for any portion of the Training Program conducted more than one time to accommodate the schedules of your attendees. We will determine the identity and composition of the trainer(s) conducting all portions of the Training Program. We will also determine the length and content of the Training Program. We may vary the Training Program based on the experience and skill level of the individual(s) attending. Scheduling of the Training Program is based on your and our availability and the projected opening of your Franchised Business.~~

~~Your Key Personnel must complete the Training Program to our satisfaction at least 30 days before beginning to operate your Franchised Business. If any of your Key Personnel fail to satisfactorily complete the Training Program, we may require such person(s) to attend additional training at a time and location of our choice, and we will charge you our then-current training fee (currently, \$500 per day, per trainee, plus expenses) for such additional training. If you and your Key Personnel complete the Training Program to our satisfaction and have not expressly informed us at the end of the Training Program that~~

they do not feel sufficiently trained in the operation of your Franchised Business, then you and your trainees will be deemed to have been trained sufficiently.

If you hire a new General Manager, the new General Manager must attend and successfully complete our then-current Training Program before providing services to your Franchised Business, and you must pay our then-current fee for such training.

The Training Program is offered on an as needed basis at our training location in Chester, New Jersey, or another location we designate, which may include conducting any portion of the Training Program virtually. Our current Training Program is currently comprised of the following modules:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the -Job Training	Location*
Welcome and Overview – Brand and Culture	1	0	Online and Chester, NJ
Pricing	1	0	Online and Chester, NJ
Software, Systems and Scheduling	3	0	Online and Chester, NJ
Marketing, Networking, Lead Generation, Social Media	4	0	Online and Chester, NJ
Equipment, Vehicles and Vendors	1	0	Online and Chester, NJ
Administrative	2	0	Online and Chester, NJ
Finance and Reporting	2	0	Online and Chester, NJ
Hands on Training	0	20	Online and Chester, NJ
Operations, Equipment, Products, and Vendors	7.5	0	Online and Chester, NJ
Environmental, Insurance, and Safety	1	0	Online and Chester, NJ
Total	22.5	20	

~~The Our t Training p Program will be conducted approximately 6 times per year, as needed. The training will beis currently~~ conducted by ~~Eddie Zite~~Paul Ferrara (8 years of experience with us and our predecessors, and ~~over 25 years of experience in the subjects taught~~), Paul Ferrara (5 years of experience with us and our predecessors, and ~~18~~19 years of experience in the subjects taught), Joe Eible (~~6~~7 years of experience with us and our predecessors, and over ~~13~~14 years of experience in the subjects taught), and ~~Christian Clavadetscher~~ (3Kevin Gray (1 years of experience with us and our predecessors, and over 415 years of experience in the subjects taught). Our primary instructional materials consist of our Confidential Operations Manuals.

Personnel Training. You must train all of your employees, contractors, and personnel at your sole cost and expense. We may periodically require you to disclose to us the training curriculum and materials that you use to train your personnel, and/or set System Standards relating to the training that you offer (including requiring third-party training or certification courses technical programs), to ensure that all personnel receive appropriate training to conduct your Franchised Business in accordance with our System Standards, but these minimum requirements are solely intended to protect our System and the

goodwill of the Marks.

Additional Training. Subject to limitations on scheduling, availability, and similar resources, we may provide you with advice periodically regarding your Franchised Business. Our advice and guidance will be furnished in the formats we periodically designate, which may include updates to our Confidential Operations Manual, written bulletins and newsletters, via telephone or electronic meetings, and/or consultation at our offices. We may modify or discontinue any ongoing training or advice we provide at any time. You may request additional training for you, your Owners, or your personnel, periodically. If we agree to provide you such additional training, we and you will jointly determine the duration of this additional training, and we may charge you our then-current training fee for such additional training (currently, \$500 per day, per trainee, plus expenses).

We may require you and your Key Personnel and/or other personnel to attend various training courses, trade shows, ongoing education programs, and/or webinars at the times and locations designated by us, which may be offered by us or our affiliates, vendors, or other designees of ours. In addition to these training courses, programs, and events, we may additionally require you and/or any of your Key Personnel to attend periodic meetings of franchise owners or managers. These meetings will be held at the times and locations we designate, and we may charge a fee for such events regardless of attendance (currently, annual conference fees up to \$1,000). If you fail to attend any annual/regional meetings we designate, we may require you to attend additional training, and charge our then-current training fee for such training (currently, \$500 per day, per trainee, plus expenses). In addition, if we determine that you are not operating your Franchised Business in full compliance with our System Standards, we may require that your Key Personnel attend additional training, and we may charge our then-current training fee for such training plus expenses.

Training Expenses. You must pay all travel and living expenses (including wages, transportation, food, lodging, and workers' compensation insurance) that you and your Key Personnel or any other person incur during all meetings and/or training courses and programs. If we or our representatives travel to your area to conduct any training of any kind, you are also responsible for the travel and living expenses and out-of-pocket costs that we and such representatives incur to provide you and your personnel with any training.

ITEM 12-ITEM 12

TERRITORY

Your Licensed Service Area

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

~~Under the Franchise Agreement, you will conduct and operate the Franchised Business from an office located within the LSA.~~ You and we will agree upon one or more geographic territory before areas to act as your LSA(s) before you sign the Franchise Agreement and your. The LSA(s) will be described on Schedule 1 to defined by zip codes and be based on general population of approximately 300,000-350,000 individuals (according to the most recent U.S. Census data available at the time you and we sign the Franchise Agreement). You may obtain up to three contiguous LSAs under a single Franchise Agreement. You are responsible to independently evaluate any geographic territory in which you are interested and satisfy yourself as to its appropriateness. You must establish an office location within your LSA (or in one of your contiguous LSAs, if you obtain more than one contiguous LSA), subject to our approval. If you choose to lease space to accommodate the Franchised Business, the lease must be no longer in

~~duration than the term of the Franchise Agreement. If you choose to have a home office and live outside your LSA, you must establish a business address/location within your LSA, which includes at least a physical address (not a P.O. Box) and a telephone number within the LSA.~~ Franchised Business Office must be within your LSA(s). Should the boundaries of any such postal codes change for any reason, your LSA(s) will be the same geographic boundaries as the LSA for those postal codes on the date of your Franchise Agreement. You may not relocate your LSA(s) and/or the Franchised Business Office without our prior written approval and satisfying our process, including paying a territory change fee of \$1,000 per LSA plus reimbursement of our costs, signing an amendment to your Franchise Agreement, and signing a general release of claims for us and our affiliates (subject to state law).

~~The size of your LSA will typically be defined by contiguous zip codes and be based on general population of approximately 300,000-350,000 individuals (according to the most recent U.S. Census data available at the time you and we sign the Franchise Agreement). You may not conduct the Franchised Business in another franchisee's LSA. In the event you receive business from outside your LSA, you must refer the business to the franchisee who licenses the applicable LSA.~~

Without our prior authorization, you and your Owners may not, and each of you will cause your respective affiliates, representatives, and personnel not to: (i) conduct any marketing, advertising, or promotional activities for your Franchised Business and/or using the Marks or the System outside of your LSA(s), and/or (ii) solicit orders, jobs, or projects from customers outside of your LSA(s) and/or that would be conducted outside of your LSA(s) in each case, including that you may not use any channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing to conduct such solicitation or activities, and/or (iii) conduct work, accept or perform jobs, and/or otherwise conduct the Franchised Business outside of your LSA(s). If you receive an unsolicited business request for work outside of your LSA(s), you must notify us and provide us all relevant information for such prospective customer. If these territorial limitations are violated, in addition to our right to terminate your Franchise Agreement for your breach, we have the right to require you to pay damages equal to: (i) \$5,000 per incident for any marketing, advertising, or promotional activities conducted outside of your LSA(s), or (ii) 50% of the job value for any work obtained in breach of the territorial limitations.

~~So long as the Franchise Agreement is in force and effect and you are not in default, neither we nor our affiliates will locate, operate, or grant a franchise for another PatchMaster Business in your LSA. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to PatchMaster Businesses, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) to grant franchises and licenses to others to own or operate PatchMaster Businesses anywhere outside of your LSA; (2) to conduct National Account business in any location, both inside or outside of your LSA; (3) to operate or license others the right to operate similar businesses or any other businesses under trademarks or service marks other than the Marks in any location, both inside or outside of your LSA; (4) to operate or license others to operate businesses that are not the same as a PatchMaster Businesses under the Marks in any location, both inside or outside of your LSA; and (5) to offer any products or services (including the products and services you offer through your Franchised Business) through other channels of distribution (including the Internet, social media, print catalogues and direct marketing media) both inside and outside of your LSA. We are not required to pay you if we exercise any of the rights specified above inside your LSA. If you fail to remain materially compliant with the Franchise Agreement, you may lose any protection to the LSA. In this event, we may grant another PatchMaster franchise within your LSA within 10 days' written courtesy notice by e-mail.~~

During the term of your Franchise Agreement, if you and your Owners and affiliates are in full compliance with your Franchise Agreement and all other agreements with us and our affiliates, we will not establish or operate or grant any other person the right to establish or operate a PatchMaster Business with an office located in your LSA(s). Otherwise, nothing will restrict or limit our or our affiliates' rights

to conduct any other business activities in any location whatsoever, including in your LSA(s), including that we and our affiliates may expressly: (i) conduct marketing, advertising, or promotional activities of any kind and/or solicit or accept customers of any kind, in any location whatsoever, including in your LSA(s), including through alternative distribution channels and/or the Internet, catalog sales, telemarketing, or other direct marketing sales; and/or (ii) conduct services and perform jobs and/or grant other parties the right to conduct services and perform jobs, for National Accounts Clients, in any location whatsoever, including in your LSA(s). We do not have to pay you any compensation for conducting these activities. We may revoke or reduce the size of any of your LSA(s), with notice to you, if you or your Owners or any of your and their respective affiliates breach your Franchise Agreement and/or any other agreement with us and our affiliates.

~~You cannot relocate your office~~ may not engage in any promotional or similar activities, or sell any products or services, whether directly or indirectly, through any Online Presence, without obtaining our prior approval. We do not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises. To be eligible to relocate, you must be in good standing under your Franchise Agreement and you must satisfy our then current franchise placement and demographics criteria, as expressed in the Manuals.

~~We have the right, upon written notice, to require you not to conduct the Franchised Business, offer any Products and Services associated with the Franchised Business, or to market, advertise, or solicit business outside of your LSA. Each territory violation, which includes conducting the Franchised Business in another franchisee's LSA will result in a fine of the greater of \$5,000 per occurrence or 50% of revenue generated from such infringing activity payable to us, due upon demand. This penalty is in addition to the potential for termination of the Franchise Agreement.~~

Minimum Growth Requirement

Minimum Performance Criteria

~~We have the right to annually evaluate the financial~~ You are required to achieve the following minimum performance criteria: beginning in the 3rd year of operation, your Franchised Business. As previously disclosed, we have unrestricted access to your computer system, including unrestricted access to view and pull reports from your QuickBooks Online account. In order for you to retain the rights to the LSA, beginning in your 3rd year, and every year thereafter, you must annually generate/achieve a minimum of \$100,000 in Gross Revenue per LSA. There is no minimum performance criteria during the first 2 years of operations of your Franchised Business. With no less than 30 days prior notice, we may increase the amount of the minimum average annual Gross Revenue in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the date of your Franchise Agreement, or such later date as we last adjusted the minimum average annual Gross Revenue. If you fail to reach this/achieve the minimum business growth requirement, we reserve the right to Gross Revenue in any year in any LSA, we may either reduce the size of your LSA(s) or to terminate the Franchise Agreement by written notice to you. If you obtained more than one LSA under your Franchise Agreement and are not reaching the minimum business growth requirement for one of your LSAs, we may either terminate that LSA or terminate the Franchise Agreement by written notice to you. . If you have for any reason acquired multiple LSAs under a Franchise Agreement, you must achieve the minimum Gross Revenue for each LSA. Except as provided in this Item 12 and the continued compliance with your Franchise Agreement with us, the continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

Affiliated Franchised Programs

Competition

~~You will not receive an exclusive territory.~~

~~You may face competition from other franchisees, from outlets that we or an affiliate owns, or from other channels of distribution or competitive brands that we control.~~

As described further in Item 1, we ~~have certain affiliates~~ are under common control with entities that operate other franchised brands. Currently none of our Affiliated brands offer primarily wall repair services, though some may offer wall repair services as part of other project work scope, and/or certain products or services that are competitive with some aspects of a PatchMaster Business. For example, Restoration 1 offers restoration, construction, and similar repair services, which may include wall repair or other services that PatchMaster Businesses offer as part of the wall surface repair work that they perform. These affiliate franchises may be located within close proximity to your Franchised Business, including within your LSA(s), and they may solicit or accept orders from customers near your Franchised Business or in your LSA. ~~Currently none of our affiliated brands offer primarily wall repair services, though our affiliate Restoration 1 Franchise Holding, LLC offers franchises for businesses providing restoration, construction, and similar repair services, some of which may include wall repairs.~~ If a conflict should arise between any PatchMaster ~~b~~ Business and any other business operated or franchised by an affiliate of ours, we will analyze the conflict and take any action or no action as we deem appropriate. We currently operate from different corporate offices and training facilities as our ~~affiliated~~ s brands. ~~The principal business address of each of these affiliated franchise companies is provided in Item 4 that offer “Restoration 1®”, “BlueFrog®”, “Softroc®”, “ZOOM DRAIN®”, and “The Driveway Company®” franchises.~~

National Accounts

~~We may establish national accounts with companies to service their needs throughout their systems nationwide (“National Accounts”). Nothing will prohibit us or our affiliates from doing business within the LSA for National Accounts. To participate in such National Accounts, you may need to satisfy certain eligibility criteria. If you are eligible to service these National Accounts and are interested in doing so, we may require you to follow particular terms and conditions for each customer related to the Products and Services that will be provided. If we offer you the opportunity to service a National Account, and you do not accept such offer in the manner and within the time period that we specify, we have the right to authorize other PatchMaster Business to provide such services, including in your LSA.~~

ITEM 13

ITEM 13

TRADEMARKS

~~As a franchisee, you are licensed to use and display the trademark PATCHMASTER and related Marks for the duration of the Franchise Agreement and only for the operation of the Franchised Business in the LSA subject to the terms and conditions of the Franchise Agreement and the Manuals. All use of the Marks must comply with our instructions and System Standards, which are subject to change. The following trademarks are~~ We currently own our principal Marks, which have been registered on the Principal Register of the ~~United States~~ U.S. Patent and Trademark Office ~~and were assigned to us from our predecessor.~~ Our principal Marks are currently as follows:

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
PATCHMASTER	5,287,704	September 12, 2017
	5,575,560	October 2, 2018



~~Renewal filings will be made on a timely basis. We have filed all required affidavits of use and incontestability at the time specified by law.~~

~~We also claim common law rights in other marks and logos that we have developed; however, we have not applied for registration of these marks.~~

~~If our right to use the trademark is challenged, you may be required to change to an alternative trademark, which may increase your expenses. You must follow our rules when you use the Marks. You are prohibited from using any Marks as part of your corporate, partnership, limited liability company or other entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use any Marks for the sale of an unauthorized product or service or in a manner not authorized in writing by us.~~

~~We are not aware of any currently~~All required affidavits of use have been filed in a timely manner. There is presently no effective ~~material~~ determinations of the ~~USPTO~~U.S. Patent and Trademark Office, the Trademark Trial ~~and~~& Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving ~~the our~~ principal ~~trademarks~~Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the ~~principal trademarks that are~~Marks in any manner material to the franchise. We know of ~~nor are there any~~infringing or prior superior ~~rights or infringing~~ uses ~~actually known to us~~ that could materially affect your~~the~~ use of the ~~licensed trade name, trademarks, or service~~mMarks.

We are the sole and exclusive Owners of the Marks and the System. You may not at any time contest the validity or ownership of any of the Marks or the System or assist any other person in contesting the validity or ownership of any of the Marks or the System. Any unauthorized use of the Marks or the System by you or your Owners or affiliates is a breach of your Franchise Agreement and an infringement on the intellectual property rights of us and our affiliates. All provisions of the Franchise Agreement relating to the Marks and the System apply to any changes and/or additions to the Marks or the System that we authorize periodically.

~~You do not acquire any ownership of any of the Marks or any right to goodwill attributed to them. You acknowledge that we own the Marks and that they are valid trademarks. You may not challenge our ownership of the Marks or to assist anyone else in doing so. You also may not challenge our right to use and license the use of the Marks or to assist anyone else in doing so.~~

You must ~~promptly~~immediately notify us ~~if you learn about an~~of any apparent or threatened: (i) infringement of the Marks or ~~a~~any component of the System, (ii) challenge to your use of ~~them~~any of the Marks or any component of the System, and/or (iii) claim by any person of any rights in any of the Marks or any component of the System. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim; provided, you may communicate with your counsel at your expense. We may take ~~the~~such action as we ~~decide is~~deem appropriate ~~to protect and defend the Marks and the system. If we institute litigation or elect to defend an action, you must cooperate in any action if requested by us. We are not required to protect your right to use the Marks or to protect you against claims of infringement or unfair competition arising out of your use of the Marks. We may, but are not obligated by the Franchise Agreement to participate in your defense in any administrative or judicial proceeding involving our Marks, or to indemnify you for costs and expenses~~

~~you incur if you are a party in any action or proceeding involving our Marks. We have the sole right, but no obligation, to control any litigation involving our Marks and to compromise or settle any claim, in our discretion, at our sole cost and expense, using attorneys of our own choosing, and you must cooperate fully in defending any claim and you may participate, at your own expense, in the defense or settlement. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. You agree in the Franchise Agreement not to contest, directly or indirectly, our ownership, right, title or and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks and/or the System. You must execute any and all instruments and documents, render such assistance, and do such acts and things as we require to protect and maintain our interests or to otherwise protect and maintain our interest in ourthe Marks, or contest the sole right to register, use, or license others to use those Marks and/or the System.~~

We will reimburse you for all direct out-of-pocket expenses reasonably incurred by you in any proceeding disputing your authorized use of any Mark, provided that you have complied with your Franchise Agreement and our directions in responding to such proceeding. We or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark and/or any component of the System, including choice of counsel. This indemnification will not include the expense to you of removing signage or discontinuance of the use of the Marks and/or any component of the System. This indemnification will not apply to litigation between us and you wherein your use of the Marks or System is disputed or challenged by us or our affiliates. This indemnification will not apply to any separate legal fees or costs incurred by you if you obtain independent counsel after we have appointed counsel.

If we deem it necessary for you to modify or discontinue use of any of the Marks or components of the System, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols to identify PatchMaster Businesses, you must comply with our directions promptly. We are not required to reimburse you for your expenses derived from updating, adding, or discontinuing use of any Marks or any components of the System or any loss of goodwill associated therewith or for any expenditures made by you to promote any modified or substituted Mark or modified System.

~~Periodically, in the Manuals or in directives or supplemental bulletins, we may add to, delete, or modify any or all of the Marks.~~

~~You must modify, replace or discontinue the use of a trademark if we so require. You must pay for your costs of compliance (e.g., changing signs, destroying or recalling advertising and promotional items). There are no limitations to our right to modify the Marks and you must promptly implement any changes.~~

ITEM 14-ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

~~We do not currently own any patents that are material to the franchise. Although we have not filed an application for copyright registration, we claim copyright protection for all Manuals, artistic designs, word combinations and other marketing, operations and training materials that we license you to use, other proprietary information and publications we own or have acquired under license from a third party, and everything concerning operating procedures. All of this is our proprietary intellectual property. There are no infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no~~

~~agreements currently in effect that limit our rights to use or license the above-mentioned copyrights in any manner. You must notify us if you learn about an infringement of or challenge to your use of these copyrighted materials. We may take the action we believe appropriate if a third party is infringing on any of our copyrights. We do not have any pending patent applications that are material to the franchise. We own copyrights in the Confidential Operations Manual, our website, our marketing materials, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating your Franchised Business and you must stop using them if we direct you to do so.~~

~~We will provide you with information that is confidential, proprietary, and constitutes trade secrets. Examples of this type of information include knowledge of the system and the technology, concepts or results relating to related technology, sources and suppliers of equipment, and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems, forms of agreement and actual agreements used in connection with the Franchised Business, and the entire contents of the Manuals. You must maintain the absolute confidentiality of all such information during and after the term of the Franchise Agreement. You also must not use any such information in any other business or in any manner not specifically authorized or approved in writing by us, or make copies of such information, or divulge such information to any other person except as permitted by us. You must obtain a confidentiality agreement (in a form we approve, which among other provisions, will designate us as a third party beneficiary of such covenants with the independent right to enforce them) from any other person involved in your Franchised Business who will have access to any confidential information or trade secrets.~~

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items or Confidential Information (defined below) is not materially limited by any agreement or known infringing use.

Confidential Information

In connection with your Franchised Business, you and your Owners and personnel may be provided and/or have access to non-public information about the System and the operation of PatchMaster Businesses (the “Confidential Information”), including: (1) training programs and operations materials (including the Confidential Operations Manual); (2) the System Standards and methods and techniques for operating PatchMaster Businesses; (3) market research and strategies, customer service techniques, and other practices for generating and maintaining customers; (4) specifications for, suppliers of, and methods of ordering, products and services; (5) any software, technology, or Online Presences which are proprietary to us or the System, including digital passwords and identifications and any source code of, and data and reports generated by the software or similar technology; (6) the operating results and financial performance of PatchMaster Businesses, including your Franchised Business; (7) customer and client lists, terms, job pricing and history, preferences, demographic information and related information; and (8) any other information designated as confidential or proprietary by us. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

All Confidential Information is exclusively owned by us and is proprietary to our System (other than personally identifiable information relating to your employees and personnel, and/or certain other data that we do not have access to or are otherwise designated or restricted by us). You and your Owners will not acquire any interest in our Confidential Information, other than the right to use it to develop and operate your Franchised Business in compliance with the Franchise Agreement.

You must and must cause your representatives to: (a) process, retain, use, collect, and disclose our

Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of your Franchised Business in accordance with your Franchise Agreement and not for any other purpose, (b) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish, and our and our representative's instructions; (c) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating the Franchised Business in accordance with your Franchise Agreement (you will be responsible for any violation of this requirement by any of your representatives or employees); (d) not make unauthorized copies of any of our Confidential Information; (e) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to Key Personnel, and/or by requiring persons who have access to the Confidential Information to execute a non-disclosure agreement on terms no less favorable than terms applicable to Confidential Information under the Franchise Agreement; and (f) at our request, destroy or return any of the Confidential Information.

As it relates to any "personally identifiable information" that constitutes part of our Confidential Information, you must also: (a) process, retain, use, collect, and disclose all such personally identifiable information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to such personally identifiable information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any such personally identifiable information.

Innovations

All ideas, concepts, techniques or materials concerning any PatchMaster Business and/or the System or developed, in whole or in part, using Confidential Information must be promptly disclosed to us and will be deemed our sole and exclusive property and work made-for-hire for us, automatically and without compensation to you, your Owners, or any of your employees or representatives. We have the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign to us, all right, title, and interest in that item. You must sign any documents required by us to memorialize such assignment. You must take all actions to assist our efforts to obtain or maintain intellectual property rights in any item related to the System, whether or not developed by you or any of your personnel. Additionally, you and your Owners authorize and grant to us, our affiliates, successors, and assigns worldwide rights in perpetuity, to record your and your Owners' words, statements, opinions, likeness and image including in photo and video media in connection with operation of your Franchised Business to use and to license others to use the Images for any commercial and non-commercial purposes.

~~ITEM 15~~ ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

~~You must devote full time and effort to the active management and operation of the Franchised Business. If you are a corporation or other entity, an owner must directly supervise the business. You may hire a full-time manager for the Franchised Business only if you obtain our prior written consent. In this event, you must continue to actively oversee the operations of the Franchised Business and supervise the manager. Any manager must complete the Initial Training Program to our satisfaction and must sign a confidentiality agreement in a form acceptable to us before he or she begins managing the Franchised Business, which includes restrictive covenants for the protection of Franchisee, Franchisor and the franchise system. If you are a corporation or other entity, each of your owners must sign the Personal Guaranty in the form attached to the Franchise Agreement, agreeing to be personally bound by and liable for your obligations under the Franchise Agreement. We may also require any person involved in assisting you to fulfill your obligations under the Franchise Agreement and who will have access to any of our confidential information or trade secrets, sign a confidentiality agreement in a form approved by us, which form, among other provisions, designates us as a third party beneficiary with the independent right to enforce.~~

General Manager

Subject to the terms and conditions of your Franchise Agreement, you (or if you operate through a legal entity, your Owner) will be solely responsible for the management, direction and control of your Franchised Business. You must remain active in overseeing the operations of your Franchised Business; however, you may appoint a general manager to help supervise the day-to-day affairs of your Franchised Business (your “General Manager”). We must approve your General Manager and may establish conditions for our approval, as applicable, which may include the completion of training, confirmation that such individual will have no competitive businesses activities, and/or execution of a non-disclosure agreement or other protective covenants we require. You (or your Owner) or your General Manager (as applicable) must supervise the management and day-to-day operations of your Franchised Business on a full-time basis and continuously exert best efforts to promote and enhance your Franchised Business and the goodwill associated with the Marks.

Obligations of Owners and Other Key Personnel

If you enter into your Franchise Agreement as a legal business entity, each person who holds a direct or indirect ownership, voting, or beneficial interest in you (an “Owner”) must execute a guaranty, agreeing to be personally bound, jointly and severally, by all provisions of the Franchise Agreement and any ancillary agreements between you and us and/or our affiliates. Our current form of Guaranty and Assumption of Obligations is attached as an exhibit to the current form of Franchise Agreement. We may also require that your Owners, Key Personnel, management level employees and officers, and other representatives that will have access to Confidential Information to sign certain covenants we designate.

Subcontractors

You must obtain our prior written approval of any subcontractor that will be used to provide services of any kind for your Franchised Business. You will remain fully liable for all obligations under your Franchise Agreement for all operations from your Franchised Business, including those performed by any approved subcontractors. You will also be fully liable for the actions, omissions, and performance of any and all subcontractors and their personnel. Your obligation to indemnify us against liability from your Franchised Business will apply to operations by your subcontractors.

~~ITEM 16~~ ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Authorized Products and Services

~~The Products and Services you offer in connection with the Franchised Business are restricted as are the customers to whom you may sell (see Item 12 for territorial limitations on customers and operations).~~

You must provide or offer for sale or use at your Franchised Business all of the services, products, supplies, equipment, and other items that we periodically designate. You may not offer or provide any other services, products, supplies, equipment, or other items as part of your Franchised Business without our express approval. You may not offer or provide any other products and services, and/or permit any of your affiliates, employees, Owners, or other representatives to offer or provide any other products and services, related to or arising in connection with any project conducted by your Franchised Business, without our approval.

~~You must offer and sell only those Products and Services we specify or approve. You must offer the approved Products and Services in the manner we require and only in accordance with our System Standards. You may not offer any Products and Services that are not approved by us without first obtaining our prior written consent. You may not offer any Products and Services through alternative channels of distribution without our prior written approval. We have the right without limitation to change and add to the types of Products and Services offered through the Franchised Business. Some changes may require you to purchase new equipment and supplies or incur other costs. You must immediately cease offering discontinued Products and Services upon notice.~~

You may not offer or sell any products or services from your Franchised Business at wholesale, for resale, or through other alternative distribution channels, including any Online Presence, or to other franchisees, without our prior written approval. We are not required to authorize every PatchMaster Business to offer the same services, products, supplies, equipment, and other items. We may condition our approval for you to offer any services, products, supplies, equipment, and other items on our then-current criteria, including your compliance with your Franchise Agreement. You and your Owners may not, and each of you will cause your respective affiliates, representatives, and personnel not to: (i) conduct any marketing, advertising, or promotional activities for your Franchised Business and/or using the Marks or the System outside of your LSA(s), (ii) solicit orders, jobs, or projects from customers outside of your LSA(s) and/or that would be conducted outside of your LSA(s), and/or (iii) conduct work, accept or perform jobs, sell any products or services, and/or otherwise conduct the Franchised Business outside of your LSA(s).

Pricing

You will have the sole right to determine the prices to be charged by your Franchised Business for services offered to customers, other than prices charged to National Accounts Clients, which we will negotiate in advance with our National Accounts Clients.

National Accounts Clients

We or our affiliates may periodically enter into agreements with clients that require service (the “National Account Clients”). We may provide these services ourselves or through our affiliates or designees, and/or may subcontract servicing rights to one or more third parties or franchisees. We may establish criteria or qualifications for franchisees that wish to service National Accounts Clients, including different service standards, requirements for accepting or declining jobs, insurance requirements, agreeing to certain terms and conditions, or other conditions we establish. If we offer you the right to provide services to a National Account Client, you must provide the services in accordance with all of our System Standards, plus the terms, fees, and conditions that we have negotiated with the National Account Client. We may invoice the National Account Client and collect payment directly. We may also charge our then-current fees for participation in the program, including dispatch, management, declined job, or other administrative fees.

Service Warranties

Certain products and services offered to customers by your Franchised Business may be subject to one or more customer warranties, guarantees, commitments and/or similar customer service programs, including those offered by you and your affiliates and/or third-party service providers and manufacturers that offer products and services used by your Franchised Business (collectively, “Service Warranties”). During and after the term of your Franchise Agreement, you must honor all Service Warranties made to customers of your Franchised Business, including using your best efforts to assist customer of your Franchised Business tendering claims to any third-party serviced providers and manufacturers. You must obtain our approval of all Service Warranties before you offer them to customers of your Franchised Business. We may establish System Standards for any such Service Warranties periodically. All Service Warranties offered by your Franchised Business are strictly your obligation and responsibility and are not offered or guaranteed in any manner by us. If you fail to honor any Service Warranties to your customers, we may take any action we deem appropriate to honor such Service Warranties, including by providing any services or products or support ourselves, or through our designees, affiliates, or other franchisees, and you must reimburse us any and all costs incurred by us, our designees, affiliates, representatives, or other franchisees. We may require you to pay us a reasonable deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business.

~~ITEM 17~~ ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in FRANCHISE Agreement	Summary
a. Length of the franchise term	Section 3.1, <u>Summary Page</u>	<u>The initial T</u> term is 10 years from the Effective Date of the Franchise Agreement.

Provision	Section in FRANCHISE Agreement	Summary
b. Renewal or extension of the term	Sections <u>3.2</u> ; 3.4 and <u>3.3</u>	<p><u>You may renew for one successive 10-year term if you satisfy the conditions described below.</u></p> <p><u>If you fail to enter into a renewal agreement after your Franchise Agreement expires, we may treat it as either your operation after expiration in violation of our rights, or continuation of our franchise on a month-to-month basis (and in such case, we may terminate such holdover period at any time with notice to you).</u> You have no right to a renewal term. If we elect and you meet the requirements described below, you may be eligible for a renewal franchise agreement for a successive term.</p> <p>If you do not sign a renewal agreement prior to your expiration but continue to operate as a PATCHMASTER franchisee, at our option, your Franchise Agreement may be treated as either: (i) expired and a breach of the Franchise Agreement; or (ii) continue on a month to month basis until either party provides notice to the other of its intent to terminate this extended period or the parties enter into a renewal agreement.</p>

Provision	Section in FRANCHISE Agreement	Summary
c. Requirements for franchisee to renew or extend	Sections <u>3.2</u>	<p>(i) Provide us 180 days' notice prior to the expiration of your current Term; (ii) you must pay the \$2,500 renewal fee and sign the You must have: substantially complied with the Franchise Agreement and all other agreements with us and our affiliates; updated the Franchised Business Office and your service vehicle and equipment; satisfied all monetary obligations owed to us or our affiliates; not been in default of any provision of the Franchise Agreement or any other agreement between you and us; notified us of your intent to renew no less than 9 months and no more than 12 months prior to the end of the term; signed a then-current Franchise Agreement being offered to new franchisees, which may contain have materially different terms and conditions than your original agreement; (iii) be in compliance with the franchise agreement and all other agreements; (iv) attend additional training; (v) be a satisfactory member of the system; (vi) comply with any additional modernization requirements; (vii) sign a general release; (viii) agree on the LSA that we continue to franchise and support; and (vii) sign and return to us all necessary documents for the renewal agreement within 20 days after delivery (including higher Royalty Fee, higher Brand Fund Contributions and a different or modified LSA(s)); satisfied all training required by us; pay us our renewal fee plus reimburse us for our costs; satisfied our then-current qualifications for new franchisees; and signed a general release (subject to state law). We must be offering franchises for PatchMaster Businesses in the geographic area of your LSA(s) at the time you request a renewal.</p>
d. Termination by franchisee	Section 10.1 <u>12.3</u>	<p>If we are in material breach and fail to cure within 60 days after notice, and You can terminate if you are in full compliance with <u>all of the terms of your Franchise Agreement</u>, we <u>we materially breach your Franchise Agreement, and we fail to make reasonable efforts to cure such breach within 60 days after receiving written notice from you (subject to state law).</u></p>
e. Termination by franchisor without cause	None	<p>We may Not Applicable terminate the Franchise Agreement without cause.</p>
f. Termination by franchisor with cause	Sections 10.2; <u>10.3</u> <u>12.1 and 12.2</u>	<p>We can may terminate <u>the Franchise Agreement only</u> if you default or if events described in (g) and (h) below occur.</p>

Provision	Section in FRANCHISE Agreement	Summary
g. "Cause" defined – curable defaults	Section 10.3 <u>12.2</u>	<p>You have 15 days to cure the following: failure to make timely payments or submit reports; jeopardizing the goodwill or reputation of the franchisor including unauthorized use of Marks; We can terminate the Franchise Agreement, after a cure period as follows: 5 days to cure failure to maintain certifications and permits; 72 hours to cure violations of health or safety laws; 15 days to cure payment or reporting defaults; 10 days to cure violations of law; 15 days to cure use of improper phone numbers or vehicles, refusal to allow inspections, failure to use required technology, failure to procure required insurance, or failure to comply with your indemnification obligations to promote and manage the business as identified in Section 7 of the Franchise Agreement.</p> <p><u>.</u></p> <p>You have 30 days to cure any other default under<u>breach of</u> the Franchise Agreement other than those in (h<u>(subject to state law)</u>)-below.</p>

Provision	Section in FRANCHISE Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 10.2 <u>12.1</u> & <u>Section 12.2</u>	<p>Non-curable defaults by you: insolvency or assignment for creditors, bankruptcy<u>The Franchise Agreement will terminate automatically without notice upon the occurrence of certain bankruptcy or insolvency-related events. We may also terminate without an opportunity to cure for: failure to begin operations by required opening deadline; Key Personnel do not satisfactorily complete the Training Program; material misrepresentations or omissions in application or report; indictment by grand jury or felony convictions or repeated conduct that reflects unfavorably on us; unauthorized assignment; breach or termination of; felony or other adverse crime; violations of confidentiality, non-compete or other covenants; abandonment; unauthorized transfer; Franchised Business is not managed by an authorized Owner or General Manager; 2 or more understated reports by more than 3% of Gross Revenue; misuse of Marks or System; 2 or more defaults in any 12 months; failure to pay vendors beyond applicable cure periods offered by vendors; terminable default under any other agreement with us or our affiliates; unauthorized use of Marks or Confidential Information; breach of restrictive covenants; 2 or more defaults during any 12 month period; repeated violation of territorial limitations; more than 2 notices of abusive or unprofessional or abusive conduct</u><u>behavior</u>; failure to operate business for 7 consecutive days without approval; failure to successfully complete the initial training program; violates territory boundaries after previously receiving 1 prior written notice of violation; under report gross revenues by 3% or fail to report gross sales; violate any federal, attend first franchise meeting (subject to state or local law or regulation).</p>

Provision	Section in FRANCHISE Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section 11 ; 6.2.3; 12.9 <u>13</u>	<p>Obligations include: pay all amounts owed to us; cease identifying yourself as affiliated with the System or the Marks, including cancelling all associated telephone numbers and internet directory listings; cease using Marks and proprietary information; return all materials and the Manuals; cancel all fictitious or assumed names relating to the Marks; keep all information associated with the Franchised Business confidential; comply with any other requirements in the Manuals You must stop operating your Franchised Business; cease use of Marks and System and de-identify your Franchised Business; cease representing yourself as a present or former PatchMaster® franchisee and cancel assumed names; return or destroy Confidential Information; cease using and either assign to us or deactivate contact information; discontinue use of <u>all</u> proprietary software and refrain for a period of 18 months following the transfer, expiration or termination; pay us a reasonable deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties; comply with all other System Standards for closure and de-identification; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement from use of any generic version of the same software system as was used with the Franchised Business, and others (see (r) below); and pay us all balances owed within 5 days. You must pay 36 months of fees as liquidated <u>us lost revenue</u> damages if you terminate improperly, or we terminate for your breach or you terminate other than as permitted under the Franchise Agreement.</p>
j. Assignment of contract by franchisor	Section 9.1 <u>14.1</u>	<p>No There are <u>no</u> restrictions on our right to assign <u>our interest in the Franchise Agreement.</u></p>
k. "Transfer" by franchisee– definition	Section 9.2 <u>14.2</u>	<p>"Transfer" I includes transfer of rights under <u>voluntarily or involuntarily, directly or indirectly, selling, assigning, conveying, gifting, giving away, pledging, mortgaging, sublicensing, or otherwise transferring or encumbering, whether by operation of law or otherwise: (a) the Franchise Agreement or any interest in the Franchise Agreement, (b) the franchise granted to you, (c) all or substantially all of the assets of your Franchised Business</u> or its assets, and transfer of equity or interest in you, or (d) any direct or indirect ownership interest in you, your franchise rights, or your Franchised Business, including any right to share in the governance or profits thereof, or control or management of your Franchised Business.</p>

Provision	Section in FRANCHISE Agreement	Summary
l. Franchisor's approval of transfer by franchisee	Section 9.2 <u>14.2</u>	We must approve any assignment of <u>You may not transfer your interest in any of the items listed in Item 17(k) above without our prior written consent.</u>
m. Conditions for franchisor approval of transfer	Section 9.2 <u>14.2.2</u>	You must give us prior written notice describing the terms of the transfer at least 60 days in advance of the proposed Transfer; you must be in good standing; the sale and purchase agreement between the parties must not damage the goodwill of the System, proposed transferee must meet our standards; you and your principals must sign a general release of us; proposed transferee obtained all requisite licenses and consents; proposed transferee must sign the then-current form of Franchise Agreement and guaranty; proposed transferee must expressly assume your obligations under the Franchise Agreement in writing; pay a transfer fee (currently \$10,000); the proposed transferee or the individual designated by the proposed transferee to manage the day-to-day operations of the Franchised Business must satisfactorily complete the initial training program; either you or the transferee have agreed to implement any modernization requirements; if applicable you must pay a broker or third party fees in connection with the transfer <u>We decline to exercise our right of first refusal; all obligations owed to us are paid and satisfied; you have materially complied with your Franchise Agreement and other agreements with us and our affiliates; you and transferee sign the transfer documents we require, including executing a general release of claims (subject to state law); you and the transferee comply with our then-current transfer procedures, including any application and certification of the prospective transferee; the proposed transferee satisfies our criteria for new franchisees; the terms of the transfer are approved by us; the transferee assumes all outstanding Service Warranties; the transferee and its owners sign our then-current Franchise Agreement which may have materially different terms and conditions (including higher Royalty Fee, higher Brand Fund Contributions); payment of a transfer fee; the transferee's key personnel have agreed to complete the Training Program; and you provide all other evidence we require of the transition and transfer of the business to satisfy our conditions.</u>
n. Franchisor's right of first refusal to acquire your franchisee's <u>Franchised b</u> Business	Section 9.3 <u>14.3</u>	Within 30 days after you deliver us a complete and bona fide offer we will have 120 days to <u>We may match any offer for a your Franchised Business or an ownership interest you proposed transfer subject to the process and conditions stated in this Section of the Franchise Agreement to sell.</u>

Provision	Section in FRANCHISE Agreement	Summary
o. Franchisor’s option to purchase your franchisee’s <u>Franchised</u> b Business	None	Our only option to purchase the Franchised Business is through a right of first refusal. See (n) above <u>Not applicable.</u>
p. Death or disability of franchisee	Section 9.4 <u>14.2</u>	Within 6 months a <u>After the</u> death or proven disability, heirs or legal representatives may take over or assign to a third party the interest of the disabled or deceased person, subject to the transferee’s satisfaction of the prerequisites for approving other assignees, as described in (m) above. <u>incapacity of an Owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual’s interest in the franchise within 180 days of death or incapacity or we may terminate the Franchise Agreement. We must approve the transferee prior to transfer. We will also have the right to operate your Franchised Business on an interim basis if it is not being properly managed.</u>
q. Non-competition covenants during the term of the franchise	Section 11.8 <u>6.3</u>	<p><u>During the term of the Franchise Agreement, in any location, Y</u> you and your e <u>Owners</u> , officers, directors, employees <u>must not (and must cause affiliates, family members, spouses and their family members may not conduct</u> assigns not to): (i) have any direct or indirect interest in any Competitive Business, or own, <u>(ii) advise, operate, engage in, or be employed by, or have any other relationship with a or provide assistance or services of to any</u> Competitive Business.</p> <p><u>“Competitive Business” means any business deriving more than 5% of its revenue from that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drywall and/or other types of wall repair services; and/or any other line of business, products, or services that are substantially similar to the Franchised those offered by PatchMaster Businesses.</u></p> <p>. Additionally, such persons may not directly or indirectly divert or solicit any business from the Franchised Business to any competitor.</p>

Provision	Section in FRANCHISE Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 11.8; 12.10 <u>6.3</u>	<p><u>For a period of 2 years from and after the date of termination or expiration of the Franchise Agreement, in your LSA(s) or any location that is within a 25-mile radius of your LSA(s) or within a 25 mile radius of the business office of any other PatchMaster Business, you and your Owners must not (and must cause affiliates, family members, spouses and assigns not to): (i) have any direct or indirect interest in any Competitive Business, or (ii) advise, operate, or provide assistance or services of to any Competitive Business.</u> You and your owners, officers, directors, employees, spouses and their family members may not conduct any Competitive Business, or own, advise, operate, engage in, or be employed by, or have any other relationship with a Competitive Business for 18 months after termination or expiration (including assignment, for the transferee) within the LSA or 25 miles of your LSA, or within 25 miles of the LSA of any other franchisee as existing at the time of termination or expiration.</p> <p>Additionally, such persons may not for a period of 18 months after termination or transfer of the Franchised Business, either directly or indirectly solicit or perform services for any customer of the Franchised Business, or the National Account or seek to divert business from us or our franchised system.</p>
s. Modification of the agreement	Sections 6.2.2; 6.3.2; 7.3.5; 11.8.5; 13.3; 13.5 <u>8.2, 8.3 and 17.3</u>	<p>No modifications may be made except in writing and signed by both parties (other than the System and the Manuals are subject to change and may be changed by us without your written consent)<u>The Franchise Agreement can be modified only by written agreement between you and us. We may modify the System Standards and Confidential Operations Manual during the term of your Franchise Agreement.</u></p>
t. Integration/merger clause	Section 13.5 <u>17.3</u>	<p>Only the terms of the Franchise Agreement and any addendum are binding <u>(subject to state law)</u>. Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable. (subject to applicable state law). Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.</p>

Provision	Section in FRANCHISE Agreement	Summary
u. Dispute resolution	Section 12.1 <u>18</u>	The parties agree to consider mediation, provided they may also pursue litigation concurrently; limitation of claims to 1 year period; waiver of jury trial and consolidation of claims. All controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association on demand of either party. We and you must arbitrate all disputes at a location in or within 50 miles of our then-principal place of business (currently, Chester, New Jersey) (subject to applicable state law, if applicable).
v. Choice of forum	Section 12.2 <u>18.1 and 18.5</u>	Arbitration in the city in which we maintain our principal business address (currently, Chester, New Jersey). New Jersey The venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal place of business is located, which is address, currently Morris County , Chester, New Jersey (subject to applicable state law).
w. Choice of law	Section 12.1 <u>18.4</u>	Except as All matters relating to arbitration will be governed by federal law, including the Lanham Act, the Federal Arbitration Act. Except to the extent governed by the Federal Arbitration Act, the U.S. Trademark Act of 1946, or other federal law, any agreement between us and our affiliates and you and your affiliates, will be governed by the laws of the State of New Jersey law applies (subject to applicable state law).

ITEM 18-ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote ~~its~~our franchises.

ITEM 19-ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 presents the following historical data for certain franchised outlets for the calendar year ended December 31, ~~2023~~2024: (1) average and median annual Gross Revenue; (2) average and median annual

Gross Revenue separated based on the number of active LSAs; (3) average and median annual Gross Revenue per LSA; (4) average and median Gross Revenue per job; and (5) average and median annual Gross Profit.

In this Item 19, “Gross Revenue” is defined as it is in the Franchise Agreement, as total revenues, receipts, and dollar volume from the sale of all products, services and merchandise sold and booked in connection with the Franchised Business, whether under any of the Marks or otherwise. Gross Revenue is calculated on an accrual basis regardless of whether you have collected payment. Gross Revenue excludes sales taxes added to the sales price and collected from the customer. Third-party fees and payments and uncollected funds are not excluded from Gross Revenue. This information about Gross Revenue is compiled from reports submitted to us by the franchisees. These statements have not been audited and we have not undertaken to independently verify the accuracy of the information submitted to us by the franchisees. The data in this Item 19 is presented on a per franchisee basis and not a per LSA basis, because a number of franchisees operate multiple LSAs, which are reported together. The estimated population in each franchisee’s LSA varies, but is provided below in the footnotes of applicable tables below. The information on population has been estimated based on available US census figures.

In this Item 19, “Gross Profit” means the Gross Revenue minus Cost of Goods Sold. Gross Profit does not reflect net profits and does not deduct all operating expenses. For example, Gross Profit does not deduct ongoing fees payable to us, such as royalties and minimums, marketing contributions, technology fees, and does not deduct other typical operating expenses such as automotive expenses, marketing expenses, office supplies, and professional fees. “Cost of Goods Sold” means total Labor Expenses plus total Material Expenses. “Labor Expenses” means wages and compensation paid to technicians, field workers, and contractors performing services, but it does not include any owner/operator salary or compensation, and it does not include any payroll taxes, costs, or benefits. “Material Expenses” means the cost of supplies and materials used to perform customer services.

~~The data in this Item 19 is presented on a per franchisee basis and not a per LSA basis, because a number of franchisees operate multiple LSAs, which are reported together. The estimated population in each franchisee’s LSA varies, but is provided below in the footnotes of applicable tables below. The information on population has been estimated based on available US census figures and is not necessarily the same as of the date of signing the franchise agreement.~~

As of December 31, ~~2023~~2024, a total of ~~92~~130 franchised LSAs were in operation. In this Item 19, we report Gross Revenue for ~~27~~39 franchisees operating ~~in~~ a total of ~~57~~89 LSAs. We have excluded data from (i) ~~27~~36 LSAs that were opened by a new franchisee ~~after January 1, 2023~~in 2024 and therefore did not operate in the system for the entire ~~2023~~2024 calendar year; ~~(ii) 2 LSAs which were not operated on a full-time basis for the entire 2023 calendar year, (iii) 4 LSAs that were transferred mid-year to a new franchisee and therefore did not have consistent reporting by a single franchisee, and (iv) 2 LSAs for which separate reporting per LSA was not available for 2023 calendar year due to franchisee structure.~~

(1 location was opened in 2024 by a franchisee already operating in our system for more than 12 months and the information for such LSA was included in such franchisee’s data), and (ii) 5 for which we had incomplete reporting during the 2024 calendar year. In this Item 19, we report Gross Profit ~~for 13,~~ Labor Expenses, Costs of Goods Sold, and Material Expenses for 21 franchisees with a total of ~~28~~50 LSAs. We report Gross Profit, Labor Expenses, Costs of Goods Sold, and Material Expenses for this subset of franchisees because they were operating for the entirety of ~~2023~~2024 and have timely provided us with the required financial reports ~~to compile these records.~~

. If an existing franchisee purchased an additional LSA in ~~2023~~2024, the franchisee was reported in the tables below this Item 19 based on the LSAs owned at the end of the year. The data in this Item 19 also excludes 13 LSAs that ceased operation and/or were terminated in 2024, of which none had been open for fewer than 12 months as of the date of closure or termination.

Table 1
Average and Median Annual Gross Revenue of PatchMaster Franchisees
For the Twelve Months Ending December 31, ~~2023~~2024

The following is a statement of average and median annual Gross Revenue for calendar year ~~2023~~2024 for [the 39](#) reporting PatchMaster franchisees. The information is presented for all reporting franchisees, plus for the top 10% and bottom 10% of reporting franchisees based on Gross Revenue, plus reporting franchisees broken into three subsets (tertiles) based on Gross Revenue.

Subset based on Gross Revenue	Total Franchisees	Average Gross Sales (US\$) Revenue	# (and %) of Franchisees at or above Average	Median Gross Revenue (US\$)	# (and %) of Franchisees at or above Median Gross Revenue
Top 10% (Note 1)	34	\$801,075 <u>1,005,665</u>	2 (67 <u>50</u> %)	\$831,307	2 (67%) <u>\$991,928</u>
1 st Tertile (Note 2)	913	\$521,781 <u>605,109</u>	25 (22 <u>38</u> %)	\$419,451	5 (56%) <u>\$466,383</u>
2nd Tertile (Note 3)	913	\$260,976 <u>255,792</u>	47 (44 <u>54</u> %)	\$254,968	5 (56%) <u>\$263,002</u>
3rd Tertile (Note 4)	913	\$146,052 <u>131,059</u>	7 (78 <u>54</u> %)	\$157,007	5 (56%) <u>\$137,188</u>
Bottom 10% (Note 5)	34	\$104,638 <u>88,548</u>	23 (67 <u>75</u> %)	\$110,951	2 (67%) <u>\$89,543</u>
All Franchisees (Note 6)	2739	\$309,603 <u>330,653</u>	1013 (37 <u>33</u> %)	\$254,968	14 (52%) <u>\$263,002</u>

NOTE 1

The lowest Gross Revenue in this subset was ~~\$497,144~~822,389; the highest Gross Revenue in this subset was ~~\$1,074,775~~1,216,417.

The lowest population in this subset was ~~362,090~~723,886; the highest population in this subset ~~were~~ ~~1,279,205~~was 2,294,242.

NOTE 2

The lowest Gross Revenue in this subset was ~~\$325,626~~340,471; the highest Gross Revenue in this subset was ~~\$1,074,775~~1,216,417.

The lowest population in this subset was 249,807; the highest population in this subset was ~~1,542,021~~2,294,242.

NOTE 3

The lowest Gross Revenue in this subset was ~~\$203,857~~199,776; the highest Gross Revenue in this subset was ~~\$325,369~~309,845.

The lowest population in this subset was ~~306,150~~301,951; the highest population in this subset was 893,702.

NOTE 4

The lowest Gross Revenue in this subset was ~~\$52,497~~76,078; the highest Gross Revenue in this subset was ~~\$186,438~~189,788.

The lowest population in this subset was ~~251,292~~338,871; the highest population in this subset was ~~710,482~~1,110,279.

NOTE 5

The lowest Gross Revenue in this subset was ~~\$52,497~~76,078; the highest Gross Revenue in this subset was ~~\$150,466~~99,028.

The lowest population in this subset was ~~251,292~~355,013; the highest population in this subset was ~~710,482~~715,337.

NOTE 6

The lowest Gross Revenue in this subset was ~~\$52,497~~76,078; the highest Gross Revenue in this subset was ~~\$1,074,775~~1,216,417.

The lowest ~~P~~population in this subset was 249,807; the highest population in this subset was ~~1,542,021~~2,294,242.

Table 2
Average and Median Annual Gross Revenue of PatchMaster Franchisees Per LSA
For the Twelve Months Ending December 31, ~~2023~~2024

The following is a statement of average and median annual Gross Revenue for calendar year ~~2023 for~~2024 ~~the 39~~ reporting PatchMaster franchisees per LSA. Because franchisees do not report Gross Revenue per LSA: (i) the average Gross Revenue per LSA is obtained by dividing total Gross Revenue of each franchisee by the total number of LSAs held by such franchisee; and (ii) the median Gross Revenue per LSA is calculated as the median of such averages. The average number of years operating is based on when each franchisee entered our franchise system for the first time and not the date of acquiring any additional LSA. The information is presented for all reporting franchisees, plus for the top 10% and bottom 10% of reporting franchisees based on Gross Revenue, plus for reporting franchisees broken into three subsets (tertiles) based on Gross Revenue.

Subset based on Gross Revenue	# of Franchisees	# of Active LSAs	Avg LSAs per Franchisee	Avg Gross Revenue per LSA	Median Gross Revenue per LSA	Average Years Operating
Top 10% (Note 1)	34 <u>34</u>	4020 <u>4020</u>	3.3 <u>5.0</u>	\$241,697 <u>224,726</u>	\$248,572 <u>244,018</u>	3.2 <u>5.0</u>
1st Tertile (Note 2)	913 <u>913</u>	2244 <u>2244</u>	2.4 <u>3.4</u>	\$274,909 <u>241,529</u>	\$268,694 <u>205,597</u>	3.1 <u>4.2</u>
2nd Tertile (Note 3)	913 <u>913</u>	1823 <u>1823</u>	2.0 <u>1.8</u>	\$136,272 <u>165,309</u>	\$127,484 <u>147,599</u>	2.7 <u>3.5</u>
3rd Tertile (Note 4)	913 <u>913</u>	1722 <u>1722</u>	1.9 <u>1.7</u>	\$81,963 <u>86,295</u>	\$76,249 <u>88,580</u>	2.6 <u>2.5</u>
Bottom 10% (Note 5)	34 <u>34</u>	56 <u>56</u>	1.7 <u>1.5</u>	\$61,069 <u>66,660</u>	\$55,475 <u>69,047</u>	2.8 <u>2.3</u>
Total (Note 6)	2739 <u>2739</u>	5789 <u>5789</u>	2.1 <u>2.3</u>	\$164,382 <u>144,893</u>	\$127,484 <u>131,501</u>	2.8 <u>3.4</u>

NOTE 1

The lowest ~~average~~ Gross Revenue per LSA ~~in this subset~~ was ~~\$207,827~~106,762; the highest ~~average~~ Gross Revenue per LSA in this subset was ~~\$268,694~~304,104. ~~2 out~~ of ~~34~~ (~~67~~50%) of the franchisees in ~~the subset~~

~~attained or surpassed the average Gross Revenue per LSA and 2 of 3 (67%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue per LSA~~average.

NOTE 2

The lowest ~~average~~ Gross Revenue per LSA ~~in this subset~~ was \$~~76,179~~63,815; the highest ~~average~~ Gross Revenue per LSA in this subset was \$~~419,451~~658,895. ~~45 out of 913 (4438%)~~ of the franchisees in ~~the subset~~ ~~attained or surpassed the average Gross Revenue per LSA and 5 of 9 (56%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue per LSA~~average.

NOTE 3

The lowest ~~average~~ Gross Revenue per LSA ~~in this subset~~ was \$~~99,744~~93,198; the highest ~~average~~ Gross Revenue per LSA in this subset was \$~~203,857~~300,607. ~~4 out of 913 (4431%)~~ of the franchisees in ~~the subset~~ ~~attained or surpassed the average Gross Revenue per LSA and 5 of 9 (56%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue per LSA~~average.

NOTE 4

The lowest ~~average~~ Gross Revenue per LSA ~~in this subset~~ was \$~~52,497~~38,039; the highest ~~average~~ Gross Revenue per LSA in this subset was \$~~163,400~~156,874. ~~37 out of 913 (3354%)~~ of the franchisees in ~~the subset~~ ~~attained or surpassed the average Gross Revenue per LSA and 5 of 9 (56%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue per LSA~~average.

NOTE 5

The lowest ~~average~~ Gross Revenue per LSA ~~in this subset~~ was \$~~52,497~~38,039; the highest ~~average~~ Gross Revenue per LSA in this subset was \$~~75,233~~49,514. ~~42 out of 34 (3350%)~~ of the franchisees in ~~the subset~~ ~~attained or surpassed the average Gross Revenue per LSA and 2 of 3 (67%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue per LSA~~average.

NOTE 6

The lowest ~~average~~ Gross Revenue per LSA ~~in this subset~~ was \$~~52,497~~38,039; the highest ~~average~~ Gross Revenue per LSA in this subset was \$~~419,451~~658,895. ~~818 out of 2739 (3046%)~~ of the franchisees in ~~the subset~~ ~~attained or surpassed the average Gross Revenue per LSA and 14 of 27 (52%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue per LSA~~average.

Table 3
Average and Median Annual Gross Revenue of U.S. PatchMaster Franchisees Based on # of LSAs
For the Twelve Months Ending December 31, ~~2023~~2024

The following is the average and median annual Gross Revenue for calendar year ~~2023~~2024 for the 39 reporting PatchMaster franchisees based on the number of LSAs of such franchisees: 1- LSA, 2- LSAs, and 3 or more-LSAs. This calculation is based on the number of LSAs held by reporting franchisee as of December 31, ~~2023~~2024.

Subset based on # of LSAs Owned	# of Franchisees	Avg LSA(s) per Franchisee	Average Gross Revenue per Franchisee	Median Gross Revenue per Franchisee	Average Gross Revenue per Territory <u>LSA</u>	Median Gross Revenue per Territory <u>LSA</u>
1 LSA (Note 1)	<u>712</u>	1.0	\$ 275,693 <u>254,676</u>	\$ 341,915 <u>232,783</u>	\$ 275,693 <u>254,676</u>	\$ 341,915 <u>232,783</u>

2 LSAs (Note 2)	15 <u>17</u>	2.0	\$240,131 <u>220,945</u>	\$218,501 <u>206,928</u>	\$120,066 <u>110,472</u>	\$109,251 <u>103,464</u>
3 or more LSAs (Note 3)	5 <u>10</u>	4.0 <u>4.3</u>	\$565,490 <u>608,330</u>	\$457,075 <u>470,664</u>	\$141,373 <u>141,472</u>	\$99,744 <u>110,806</u>
Total (Note 4)	27 <u>39</u>	2.1 <u>2.3</u>	\$309,603 <u>330,653</u>	\$254,968 <u>263,002</u>	\$164,382 <u>144,893</u>	\$127,484 <u>131,501</u>

NOTE 1

The lowest Gross Revenue in this subset was ~~\$52,497~~88,580; the highest ~~average~~ Gross Revenue in this subset was ~~\$419,451~~658,895. ~~46 out of 712 (57%)~~ of the franchisees in ~~the subset attained or surpassed the average Gross Revenue and 4 of 7 (57%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue~~average.

NOTE 2

The lowest Gross Revenue in this subset was ~~\$110,951~~76,078; the highest ~~average~~ Gross Revenue in this subset was ~~\$497,144~~466,383. ~~76 out of 157 (47%)~~ of the franchisees in ~~the subset attained or surpassed the average Gross Revenue and 8 of 15 (53%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue~~average.

NOTE 3

The lowest Gross Revenue in this subset was ~~\$165,060~~154,699; the highest ~~average~~ Gross Revenue in this subset was ~~\$1,074,775~~1,216,417. ~~24 out of 51 (47%)~~ of the franchisees in ~~the subset attained or surpassed the average Gross Revenue and 3 of 5 (60%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue~~average.

NOTE 4

The lowest Gross Revenue in this subset was ~~\$52,497~~76,078; the highest ~~average~~ Gross Revenue in this subset was ~~\$1,074,775~~1,216,417. ~~13 out of 27 (47%)~~ of the franchisees in ~~the subset attained or surpassed the average Gross Revenue and 14 of 27 (52%) of the franchisees in the~~this subset attained or surpassed the stated ~~median Gross Revenue~~average.

Table 4
Average and Median Job Size of PatchMaster Franchisees
For the Twelve Months Ending December 31, ~~2023~~2024

The following is a statement of average and median Gross Revenue per job for calendar year ~~2023~~2024 for ~~the 39~~ reporting PatchMaster franchisees. Each job is based on the completed job order for a single customer. The information is presented for all reporting franchisees, plus for ~~the top 10% and bottom 10% of reporting franchisees based on Gross Revenue, plus for~~ reporting franchisees broken into three subsets (tertiles) based on Gross Revenue.

Subsets based on Gross Revenue	Total Franchisees	Average Job Size (US\$)	# (and %) of Franchisees at or above Average	Median Job Size (US\$)	# (and %) of Franchisees at or above Median
1st Tertile (Note 1)	<u>913</u>	\$1,593 <u>1,747</u>	5 (5638 %)	\$1,742 <u>1,555</u>	5 (56%)
2nd Tertile (Note 2)	<u>913</u>	\$1,330 <u>1,280</u>	58 (5662%)	\$1,354 <u>1,342</u>	5 (56%)
3rd Tertile (Note 3)	<u>913</u>	\$1,376 <u>1,262</u>	46 (4446%)	\$1,243 <u>1,230</u>	5 (56%)
All Franchisees (Note 4)	<u>2739</u>	\$1,475 <u>1,526</u>	13 (4833%)	\$1,354 <u>1,341</u>	14 (52%)

NOTE 1

The lowest average job size in this subset was ~~\$980~~849; the highest average job size in this subset was ~~\$2,355~~6,074.

~~The lowest population in this subset was 249,807; the highest population in this subset was 1,542,021.~~

NOTE 2

The lowest average job size in this subset was ~~\$799~~609; the highest average job size in this subset was ~~\$3,099~~2,197.

~~The lowest population in this subset was 306,150; the highest population in this subset was 893,702.~~

NOTE 3

The lowest average job size in this subset was ~~\$874~~775; the highest average job size in this subset was ~~\$2,755~~3,105.

~~The lowest population in this subset was 251,292; the highest population in this subset was 710,482.~~

NOTE 4

The lowest average job size in this subset was ~~\$799~~609; the highest average job size in this subset was ~~\$3,099~~6,074.

~~The lowest population in this subset was 249,807; the highest population in this subset was 1,542,021.~~

Table 5

Gross Profit, Labor Expenses, Costs of Goods Sold, and Material Expenses of PatchMaster Franchisees

For the Twelve Months Ending December 31, ~~2023~~2024

The following is a statement of average and median Labor Expenses, Material Expenses, Cost of Goods Sold, and Gross Profit for calendar year ~~2023~~2024 for the 21 reporting PatchMaster franchisees. The information is broken into three subsets (tertiles) based on Gross Revenue of reporting franchisees ~~based~~as described on Tables 1 to 4. The average percentage of Gross Revenue is calculated by dividing the total of each category of expenses of such tertile by the total Gross Revenue of such tertile.

	1st Tertile		2nd Tertile		3rd Tertile	
<u>Avg. Gross Revenue</u> (Note 1)	<u>\$587,800</u>		<u>\$255,160</u>		<u>\$141,822</u>	
	Amount	% of Gross Revenue	Amount	% of Gross Revenue	Amount	% of Gross Revenue
<u>Avg. Gross Revenue</u> (Note 1)	<u>\$502,127</u>		<u>\$260,549</u>		<u>\$75,010</u>	
Avg. Labor Expenses (Note 2)	<u>\$151,346,229,</u> <u>778</u>	<u>3039%</u>	<u>\$103,171,8</u> <u>1,258</u>	<u>4032%</u>	<u>\$35,788,45</u> <u>,928</u>	<u>4832%</u>
Avg. Material Expenses (Note 3)	<u>\$62,656,57,47</u> <u>6</u>	<u>1210%</u>	<u>\$25,313,27</u> <u>,387</u>	<u>1011%</u>	<u>\$10,677,17</u> <u>,983</u>	<u>1413%</u>
Avg. Cost of Goods Sold (Note 4)	<u>\$214,003,287,</u> <u>254</u>	<u>4349%</u>	<u>\$128,484,1</u> <u>08,644</u>	<u>4943%</u>	<u>\$46,464,63</u> <u>,911</u>	<u>6245%</u>
<u>Avg. Gross Profit</u> (Note 5)	<u>\$288,124,300,</u> <u>546</u>	<u>5751%</u>	<u>\$132,065,1</u> <u>46,515</u>	<u>5157%</u>	<u>\$28,545,77</u> <u>,912</u>	<u>3855%</u>

NOTE 1

In the 1st tertile average Gross Revenue ranged from ~~\$329,073~~\$346,836 to ~~\$833,441~~\$1,116,295 with a median of ~~\$480,630~~\$459,909. ~~23 of 69~~ (33%) franchisees in the 1st tertile had Gross Revenue that met or exceeded the average, ~~and 3 of 6 (50%) franchisees in the 1st tertile had Gross Revenue that met or exceeded the median.~~ In the 2nd tertile average Gross Revenue ranged from ~~\$205,822~~\$203,756 to ~~\$308,253~~\$332,359 with a median of ~~\$252,066~~. ~~2 of 5 (40%) franchisees in the 2nd tertile had Gross Revenue that met or exceeded the average, and 3 of 5 (60%) franchisees in the 2nd tertile had Gross Revenue that met or exceeded the median.~~ In the 3rd tertile average Gross Revenue ranged from ~~\$52,314~~ to ~~\$97,705~~ with a median of ~~\$75,010~~. ~~1 of 2~~240,446. ~~4 of 8~~ (50%) franchisees in the 2nd tertile had Gross Revenue that met or exceeded the average, ~~and 1 of~~. In the 3rd tertile average Gross Revenue ranged from ~~\$94,483~~ to ~~\$185,582~~ with a median of ~~\$143,612~~. ~~2 of 4~~ (50%) franchisees in the ~~2nd~~3rd tertile had Gross Revenue that met or exceeded the ~~median~~average.

NOTE 2

In the 1st tertile Labor Expenses ranged from ~~\$900~~\$103,961 to ~~\$244,908~~\$492,132 with a median of ~~\$155,333~~\$171,919. ~~45 of 69~~ (6756%) franchisees in the 1st tertile had Labor Expenses that met or ~~exceeded~~were below the average, ~~and 3 of 6 (50%) of franchisees in the 1st tertile had had Labor Expenses that met or exceeded the median.~~ In the 2nd tertile average Labor Expenses ranged from ~~\$89,232~~\$3,303 to ~~\$134,807~~\$153,995 with a median of ~~\$100,074~~\$71,120. ~~1 of 5~~ of 8 (2063%) franchisees in the 2nd tertile had Labor Expenses that met or ~~exceeded~~were below the average, ~~and 3 of 5 (50%) of franchisees in the 2nd tertile had had Labor Expenses that met or exceeded the median.~~ In the 3rd tertile average Labor Expenses ranged from ~~\$06,681~~ to ~~\$71,575~~\$89,424 with a median of ~~\$35,788~~\$43,803. ~~1 of 2~~ of 4 (50%) franchisees in the 3rd tertile had Labor Expenses that met or ~~exceeded~~were below the average, ~~and 1 of 2 (50%) of franchisees in the 3rd tertile had had Labor Expenses that met or exceeded the median.~~

NOTE 3

In the 1st tertile average Material Expenses ranged from ~~\$36,628~~\$360 to ~~\$106,387~~\$119,634 with a median of ~~\$54,148~~\$52,468. ~~25 of 69~~ (3456%) franchisees in the 1st tertile had Material Expenses that met or ~~exceeded~~were

~~below the average, and 3 of 6 (50%) of franchisees in the 1st tertile had had Material Expenses that met or exceeded the median.~~ In the 2nd tertile average Material Expenses ranged from \$~~12,614~~15,685 to \$~~36,982~~38,783 with a median of \$~~24,966~~28,177. ~~2 of 6 (33%)~~24 of 58 (41%) franchisees in the 2nd tertile had Material Expenses that met or ~~exceeded~~were below the average, ~~and 3 of 5 (60%) of franchisees in the 2nd tertile had had Material Expenses that met or exceeded the median.~~ In the 3rd tertile average Material Expenses ranged from \$~~3,015~~6,807 to \$~~18,338~~40,940 with a median of \$~~10,677~~12,092. ~~13 of 24 (54%)~~13 of 24 (54%) franchisees in the 3rd tertile had Material Expenses that met or ~~exceeded~~were below the average, ~~and 1 of 2 (50%) of franchisees in the 3rd tertile had had Material Expenses that met or exceeded the median.~~

NOTE 4

In the 1st tertile average Cost of Goods Sold ranged from \$~~41,077~~149,704 to \$~~351,295~~611,766 with a median of \$~~205,136~~180,194. ~~2 of 6 (33%)~~2 of 9 (22%) franchisees in the 1st tertile had Cost of Goods Sold that met or ~~exceeded~~were below the average, ~~and 3 of 6 (50%) of franchisees in the 1st tertile had had Cost of Goods Sold that met or exceeded the median.~~ In the 2nd tertile average Cost of Goods Sold ranged from \$~~105,848~~15,564 to \$~~170,191~~184,534 with a median of \$~~125,040~~98,354. ~~1 of 5 (20%)~~1 of 8 (12%) franchisees in the 2nd tertile had Cost of Goods Sold that met or ~~exceeded~~were below the average, ~~and 3 of 5 (60%) of franchisees in the 2nd tertile had had Cost of Goods Sold that met or exceeded the median.~~ In the 3rd tertile average Cost of Goods Sold ranged from \$~~3,015~~47,621 to \$~~89,914~~96,231 with a median of \$~~46,464~~55,895. ~~13 of 24 (54%)~~13 of 24 (54%) franchisees in the 3rd tertile had Cost of Goods Sold that met or ~~exceeded~~were below the average, ~~and 1 of 2 (50%) of franchisees in the 3rd tertile had had Cost of Goods Sold that met or exceeded the median.~~

NOTE 5

In the 1st tertile average Gross Profit ranged from \$~~159,895~~114,187 to \$~~482,146~~599,191 with a median of \$~~275,832~~229,408. ~~23 of 69 (33%)~~23 of 69 (33%) franchisees in the 1st tertile had Gross Profit that met or exceeded the average, ~~and 3 of 6 (50%) franchisees in the 1st tertile had Gross Profit that met or exceeded the median.~~ In the 2nd tertile average Gross Profit ranged from \$~~79,268~~87,078 to \$~~164,523~~290,795 with a median of \$~~138,062~~130,640. ~~42 of 58 (80%)~~42 of 58 (80%) franchisees in the 2nd tertile had Gross Profit that met or exceeded the average, ~~and 3 of 5 (60%) franchisees in the 2nd tertile had Gross Profit that met or exceeded the median.~~ In the 3rd tertile average Gross Profit ranged from \$~~7,792~~42,697 to \$~~49,299~~137,961 with a median of \$~~28,545~~65,495. ~~1 of 24 (50%)~~1 of 24 (50%) franchisees in the ~~2nd~~3rd tertile had Gross Profit that met or exceeded the average, ~~and 1 of 2 (50%) franchisees in the 2nd tertile had Gross Revenue that met or exceeded the median.~~

Written substantiation for the financial performance representation presented above will be made available to a prospective franchisee on reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will 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 outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Paul Ferrara, 88 East Main Street #345, Mendham, NJ 07945 or (973) 944-4900 x 404; the Federal Trade Commission, and the appropriate state regulatory agencies.

~~ITEM 20~~

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS ~~2021~~2022 TO ~~2023~~2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised ¹	2021 <u>2022</u>	60 <u>97</u>	91 <u>114</u>	+31 <u>+17</u>
	2022	91	99	+8
	2023	99 <u>114</u>	92 <u>107</u>	-7
Affiliate-Owned ²	2021 <u>2024</u>	15 <u>107</u>	14 <u>130</u>	-1 <u>+23</u>
<u>Affiliate-Owned</u> ²	2022	14 <u>3</u>	18 <u>5</u>	+4 <u>+2</u>
	2023	18 <u>5</u>	17 <u>3</u>	-1 <u>-2</u>
Total Outlets	2021 <u>2024</u>	75 <u>3</u>	105 <u>3</u>	+30 <u>+300</u>
<u>Total Outlets</u>	2022	105 <u>110</u>	117 <u>119</u>	+12 <u>+9</u>
	2023	117 <u>119</u>	109 <u>110</u>	-8 <u>-9</u>
	<u>2024</u>	<u>110</u>	<u>133</u>	<u>+23</u>

¹ Since December 31, ~~2023~~, ~~one franchised business in Alaska and 3 in Texas~~2024, 6 LSAs have ceased operations.

² Affiliated-owned outlets are owned by our ~~and our affiliates' owners, employees, and~~ officers.

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS ~~2021~~2022 TO ~~2023~~2024

STATE	YEAR	NUMBER OF TRANSFERS
Alabama	2021	3
	2022	0
	2023	0
<u>Colorado</u>	2021	0
	2022	0
	2023	1
Florida	2021 <u>2024</u>	+0
	2022	1
<u>Florida</u>	2023	0
	2021 <u>2024</u>	20
<u>Illinois</u>	2022	0
	2023	0
New Jersey	2021 <u>2024</u>	+2
	2022	2
	2023	0 <u>2</u>
North Carolina	2021 <u>2024</u>	+0
	2022	1
<u>North Carolina</u>	2023	2

STATE	YEAR	NUMBER OF TRANSFERS
South Carolina	2021 <u>2024</u>	0
<u>South Carolina</u>	2022	1
	2023	0
South Dakota	2021 <u>2024</u>	1 <u>0</u>
<u>Texas</u>	2022	0 <u>1</u>
	2023	0 <u>1</u>
Texas	2021 <u>2024</u>	2
<u>Tennessee</u>	2022	1 <u>0</u>
	2023	1 <u>0</u>
Wisconsin	2021 <u>2024</u>	0 <u>1</u>
<u>Wisconsin</u>	2022	0
	2023	2
Totals	2021 <u>2024</u>	11 <u>0</u>
<u>Totals</u>	2022	6
	2023	6 <u>8</u>
	<u>2024</u>	<u>5</u>

**TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2021~~2022 TO ~~2023~~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
Alaska	2021 <u>2022</u>	1	0	0	0	0	0	1
	2022 <u>2023</u>	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Arkansas</u>	2023 <u>2022</u>	1 <u>0</u>	0	0	0	0	0	1 <u>0</u>
Arizona	2021 <u>2023</u>	3 <u>0</u>	4 <u>0</u>	0	0	0	0	7 <u>0</u>
	2024	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Arizona</u>	2022	7	0	0	0	0	0	7
	2023	7	2	0	0	0	2	7
California	2021 <u>2024</u>	4 <u>7</u>	0	0	0	0	0	4 <u>7</u>
<u>California</u>	2022	4	2	0	0	0	0	6
	2023	6	1	0	0 <u>2</u>	0	5 <u>3</u>	2
Colorado	2021 <u>2024</u>	1 <u>2</u>	0	0	0	0	0	1 <u>2</u>
<u>Colorado</u>	2022	1	1	0	0	0	0	2
	2023	2	1	1	0	0	0	2
Connecticut	2021 <u>2024</u>	0 <u>2</u>	2 <u>0</u>	0	0	0	0	2
<u>Connecticut</u>	2022	2	0	0	0	0	0	2

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	0	0	0	0	1	1
Florida	2021 2024	6 1	3 0	0	0	0	1 0	8 1
<u>D.C.</u>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
<u>Florida</u> ¹	2022	8	3	0	0	0	1	10
	2023	10	3 5	0	2	0	1	10 12
Georgia	2021 2024	3 1	0	0	0	0	1 0	2 1
<u>Georgia</u>	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	4	0	0	0	0	7
<u>Idaho</u>	2023 2022	2 0	0	0	0	0	0	2 0
Illinois	2021 2023	0 0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
<u>Illinois</u>	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
Indiana	2021 2024	1 5	0	0	0	0	0	1 5
<u>Indiana</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Louisiana	2021 2024	2 1	0 2	0	0	0	0	2 3
<u>Louisiana</u>	2022	2	0	0	0	0	0	2
	2023	2	0	2	0	0	0	0
Maryland	2021 2024	4 0	0	0	0	0	2 0	2 0
<u>Maryland</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	2	0
Massachusetts	2021 2024	3 0	1 0	0	0	0	0	4 0
<u>Massachusetts</u>	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Michigan	2021 2024	2 5	0 1	0 1	0	0	0	2 5
<u>Michigan</u>	2022	2	1	0	0	0	0	3
	2023	3	0	0	1	0	0	2
Minnesota	2021 2024	0 2	2 3	0	0	0	0	2 3
<u>Minnesota</u>	2022	2	0	0	0	0	2	0
	2023	0	3	0	0	0	0	3
Mississippi	2021 2024	0 3	1 0	0	0	0	0	1 3

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
Mississippi	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021 2024	0 1	1 0	0	0	0	0	1
Missouri	2022	1	0	0	0	0	0	1
	2023	1	3	0	0	0	0	4
	2024	4	5	0	0	0	1	8
Nebraska Montana	2021 2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Nebraska	2022	0	0	0	0	0	0	0
	2023	0	20	0	0	0	0	20
Nevada	2021 2024	0	32	0	0	0	0	32
Nevada	2022	30	03	0	0	0	0	3
	2023	3	0	0	0	0	3	0
New Jersey	2021 2024	70	0	0	0	0	0	70
New Jersey	2022	76	0	0	0	0	2	54
	2023	54	31	0	2	0	1	52
New York	2021 2024	12	63	0	0	0	01	74
New York	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	2	5
North Carolina	2021 2024	35	41	0	0	0	10	6
North Carolina	2022	612	01	0	0	0	1	512
	2023	512	0	0	0	0	1	411
Ohio	2021 2024	11	10	01	0	0	0	210
Ohio	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	1	2
Oklahoma	2021 2024	02	1	0	0	0	0	13
Oklahoma	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
Oregon	2021 2024	0	0	0	0	0	0	0
Oregon	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
Pennsylvania	2021 2024	94	0	0	0	0	0	94
Pennsylvania	2022	9	0	0	0	0	0	9
	2023	9	3	0	6	0	0	6
South	2021 2024	16	21	0	0	0	0	37

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
Carolina	024							
South Carolina¹	2022	3	12	0	0	0	1	34
	2023	34	1	1	0	0	0	34
South Dakota	2021							
	024	14	0	0	0	0	0	14
South Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021							
	024	1	0	0	0	0	0	1
Tennessee	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Texas	2021							
	024	42	51	0	0	0	20	73
Texas	2022	76	59	0	0	0	0	1215
	2023	1215	01	0	0	0	4	812
	2024	12	8	0	0	0	7	13
Utah	2021							
	022	07	20	0	0	0	0	27
	2022	27	0	0	0	0	0	27
	023							
	2024	7	0	2	0	0	0	5
Washington	2023							
	022	20	0	0	0	0	0	20
Wisconsin	2021							
	023	20	0	0	0	0	0	20
	2024	0	1	0	0	0	0	1
Wisconsin	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Totals¹	2021	602	380	0	0	0	70	912
	024							
Totals	2022	9197	1524	0	0	0	7	99114
	2023	99114	32	4	113	0	2422	92107
	2024	107	37	4	1	0	9	130

1. ¹-Since December 31, ~~2023~~, ~~one franchised business in Alaska and 3 in Texas~~2024, 3 LSAs in Florida, 1 LSA in Pennsylvania, and 2 LSAs in South Carolina have ceased operations.

TABLE NO. 4
STATUS OF AFFILIATE OWNED OUTLETS
FOR YEARS 2021 TO 2023 ¹

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of the Year
New Jersey	2021	3	0	0	0	0	3

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of the Year
<u>New Jersey</u>	2022	3	0	2	0	0	5
	2023	5	0	0	0	2	3
North Carolina	2021	5	1	0	0	0	6
	2022	6	1	0	0	0	7
	2023 <u>2024</u>	7 <u>7</u>	0	0	0	0	<u>7</u>
South Carolina	2021	0	0	0	0	0	0
<u>Total</u>	2022	<u>03</u>	<u>10</u>	<u>02</u>	0	0	<u>15</u>
	2023	1	0	0	0	0	1
Texas	2021	0	0	0	0	0	0
	2022	0	4	0	0	0	4
	2023	4	1	0	0	0	4
Utah	2021 <u>2022</u>	3 <u>3</u>	0	0	0	2	<u>5</u>
	2022	5	0	0	0	0	5
	2023 <u>2024</u>	4 <u>4</u>	<u>5</u>	0	0	0	<u>5</u>
<u>Total</u>	2021	15	1	0	0	2	14
	2022	14	6	2	0	0	18
	2023	18	1	0	0	2	17

¹ Affiliated-owned outlets are owned by our ~~and our affiliates' owners, employees, and~~ officers.

**TABLE NO. 5
PROJECTED OPENINGS AS OF
DECEMBER 31, ~~2023 FOR 2024~~ FOR 2025 FISCAL YEAR**

State	Franchise Agreement Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida <u>California</u>	<u>10</u>	2	0
Georgia <u>Florida</u>	<u>5</u>	2	0
Massachusetts <u>Georgia</u>	<u>03</u>	<u>2</u>	0
Michigan <u>Iowa</u>	<u>10</u>	<u>0</u>	0
Missouri <u>Illinois</u>	<u>5</u>	<u>0</u>	0
<u>Mississippi</u>	<u>1</u>	<u>1</u>	<u>0</u>
New Jersey <u>Missouri</u>	<u>30</u>	<u>1</u>	0
Nebraska <u>New Jersey</u>	<u>2</u>	0	0
New York	0	<u>2</u>	0

State	Franchise Agreement Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
North Carolina	0	1	0
Ohio <u>North Carolina</u>	13	0	0
Pennsylvania	0	32	0
South Carolina <u>Rhode Island</u>	01	10	0
Texas	10	1	0
Tennessee	10	02	0
Washington <u>Virginia</u>	02	15	0
Total	2018	1624	0

A list of names, addresses and phone numbers of franchisees as of our last fiscal year end is attached to this ~~Franchise~~ Disclosure Document as Exhibit D.

A list of franchisees who were terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year or who have not communicated with us within the 10 weeks of the issuance date of this Franchise Disclosure Document is attached to the Franchise Disclosure Document as Exhibit E.
If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 years, we have ~~not~~ signed ~~any~~ confidentiality clauses with current or former franchisees ~~which~~ that would restrict them from speaking openly with you about their experience with Franchisor except that they may not disclose any confidential information. You may wish to speak with current and former franchisee but be aware that not all such franchisees will be able to communicate with you

There are no independent trademark-specific franchisee organizations associated with the franchise system being offered that have asked to be included in this Disclosure Document.

ITEM 21-ITEM 21

FINANCIAL STATEMENTS

Attached ~~as Exhibit A~~ to this Disclosure Document ~~are~~ Exhibit A is: (a) our ~~(i)~~ audited balance sheets as of December 31, ~~2023~~ 2024, December 31, ~~2022~~ 2023, and December 31, ~~2021~~ 2022, and ~~related~~ audited statements of operations, member's ~~interest~~ equity, and cash flows for the fiscal years then-ended; and (b) ~~our~~ our unaudited balance sheet as of ~~March 31~~ February 28, 2024 2025, and ~~unaudited~~ the related income statement ~~and statement of cash flows for the period from January 1, 2024 through March 31, 2024. We have not been in business for three or more years and cannot include all financial statements required by the FTC Franchise Rule for the two-month period then-ended.~~

Our fiscal ~~year-end~~ year end is December 31.

~~ITEM 22~~ **ITEM 22**

CONTRACTS

~~The following agreements are attached to this Disclosure Document:~~

Exhibit B- 1 – Franchise Agreement

Exhibit 1 - Unlimited Guaranty and Personal Undertaking

Exhibit 2 - Franchise Owners

Exhibit 3 - Electronic Funds Transfer Authorization

~~Exhibit B:—~~ 4 - State Specific Riders to the Franchise Agreement ~~with the following~~

Schedules:

Exhibit 5 - Franchise Disclosure Questionnaire

~~1. Data Sheet~~

~~2. Personal Guaranty~~

~~3. State Specific Addendum~~

~~4. Confirmation of Additional Terms and Representations Addendum~~

Exhibit ~~G:~~ F— Renewal and Release Agreement

~~ITEM 23~~ **ITEM 23**

RECEIPTS

~~The Receipt of Franchise Disclosure Document (one copy for you and one copy for us) are found as Exhibit I to this Franchise Disclosure Document.~~

Exhibit I contains two documents that serve as a receipt of this Disclosure Document. Please sign and date each copy, return one copy to us, and retain the other for your records.

EXHIBIT A

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

PatchMaster Franchise, LLC

Income Statement

	<u>As of 2/28/25</u>
Operating Revenue	
Initial Franchise Fees	372,500
RTSP Revenue	144,250
Royalties	216,049
Marketing Fees	56,675
Technology Fees	42,000
Other Revenue	346
Total Operating Revenue	<u>831,820</u>
Operating Expenses	
Commissions	313,800
RTSP Expenses	110,380
Marketing & Advertising	45,055
Professional Fees	44,226
Other Operating Expenses	210,728
Total Operating Expenses	<u>724,189</u>
Operating Income	<u>107,631</u>
Non-operating expense	
Depreciation & Amortization	1,201
Total non-operating expense	<u>1,201</u>
Net income	<u>106,430</u>

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

PatchMaster Franchise, LLC

Balance Sheet

	<u>As of 2/28/25</u>
Current Assets	
Cash and cash equivalents	1,047,015
Accounts receivable, net	517,971
Prepaid expenses	71,210
Deferred contract costs, current	399,805
Operating notes receivable, current	
Total Current Assets	<u>2,036,001</u>
Non-Current Assets	
Equipment, net	33,772
Deferred contract costs, net	1,003,405
Right of use asset	34,650
Intangible assets	4,227,019
Total non-current assets	<u>5,298,845</u>
Total Assets	<u><u>7,334,847</u></u>
Current Liabilities	
Accounts payable	152,897
Accrued liabilities	641,280
Deferred revenue, current	481,697
Operating lease liabilities, current	26,572
Total current liabilities	<u>1,302,446</u>
Non-Current Liabilities	
Operating lease liabilities, net	9,918
Deferred revenue, net	1,251,914
Total non-current liabilities	<u>1,261,832</u>
Total Liabilities	<u><u>2,564,278</u></u>
Member's equity	4,770,569
Total Liabilities & equity	<u><u>7,334,847</u></u>

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

AUDITED FINANCIAL STATEMENTS



PATCHMASTER™

THE DRYWALL REPAIR SPECIALISTS

PATCHMASTER FRANCHISE, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024, 2023, AND 2022



PATCHMASTER FRANCHISE, LLC

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Independent Auditor's Report

To the Members
PatchMaster Franchise, LLC
Somerville, New Jersey

We have audited the accompanying financial statements of PatchMaster Franchise, LLC, which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PatchMaster Franchise, LLC as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Kezas & Dunlay

St. George, Utah
March 18, 2025

PATCHMASTER FRANCHISE, LLC

BALANCE SHEETS

As of December 31, 2024, 2023, and 2022

	2024	2023	2022
Assets			
Current assets			
Cash and cash equivalents	\$ 652,576	\$ 510,397	\$ 497,286
Accounts receivable, net	603,399	1,173,530	386,137
Prepaid expenses	28,677	26,950	-
Deferred contract costs, current	399,805	842,215	333,920
Total current assets	1,684,457	2,553,092	1,183,324
Non-current assets			
Deferred contract costs, non-current	1,003,405	-	-
Equipment, net	12,583	21,118	13,238
Right of use asset	34,650	58,681	78,073
Intangible assets	4,241,044	4,227,019	4,227,019
Total non-current assets	5,291,682	4,306,818	4,352,349
Total assets	\$ 6,976,139	\$ 6,859,910	\$ 5,535,673
Liabilities and Member's Equity			
Current liabilities			
Accounts payable	\$ 68,549	\$ 304,796	\$ 106,818
Credit card liability	868	70,978	35,299
Accrued expenses	472,481	319,251	205,828
Deferred revenue, current	481,697	1,035,900	452,175
Operating lease liabilities, current	26,572	24,111	22,978
Total current liabilities	1,050,167	1,755,036	823,098
Non-current liabilities			
Operating lease liabilities, non-current	9,918	36,490	58,293
Deferred revenue, non-current	1,251,914	-	-
Total non-current liabilities	1,261,832	36,490	58,293
Total liabilities	2,311,999	1,791,526	881,391
Member's equity			
Total liabilities and member's equity	\$ 6,976,139	\$ 6,859,910	\$ 5,535,673

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

PATCHMASTER FRANCHISE, LLC
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue			
Initial franchise fees	\$ 1,215,886	\$ 1,501,125	\$ 1,199,555
Royalties	1,305,147	1,127,746	794,168
Marketing fees	298,158	243,263	162,050
Technology fees	203,289	177,940	136,825
Other operating revenue	1,208	55,254	4,061
Total operating revenue	<u>3,023,688</u>	<u>3,105,328</u>	<u>2,296,659</u>
Operating expenses			
General and administrative	1,059,442	1,122,686	889,690
Commissions	641,106	869,375	603,900
Marketing and advertising	726,869	500,655	356,017
Professional fees	387,751	195,452	139,746
Total operating expenses	<u>2,815,168</u>	<u>2,688,168</u>	<u>1,989,353</u>
Operating income	<u>208,520</u>	<u>417,160</u>	<u>307,306</u>
Non-operating expense			
Interest expense	-	3,058	-
Total non-operating expense	<u>-</u>	<u>3,058</u>	<u>-</u>
Net income	<u>\$ 208,520</u>	<u>\$ 414,102</u>	<u>\$ 307,306</u>

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

PATCHMASTER FRANCHISE, LLC
STATEMENTS OF MEMBER'S EQUITY
For the Years Ended December 31, 2024, 2023, and 2022

Balance as of January 1, 2022	\$ 4,370,683
Adoption of ASC 842, <i>Leases</i>	(1,636)
Member distributions	(22,071)
Net income	307,306
Balance as of December 31, 2022	4,654,282
Net income	414,102
Balance as of December 31, 2023	5,068,384
Member distributions	(612,764)
Net income	208,520
Balance as of December 31, 2024	\$ 4,664,140

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

PATCHMASTER FRANCHISE, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
Cash flow from operating activities:			
Net income	\$ 208,520	\$ 414,102	\$ 307,306
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	8,535	6,182	3,370
Amortization of right-of-use asset	24,031	19,392	23,422
Changes in operating assets and liabilities:			
Accounts receivable	570,131	(787,393)	(34,100)
Prepaid expenses	(1,727)	(26,950)	5,709
Deferred contract costs	(560,995)	(508,295)	70,280
Accounts payable	(236,247)	197,978	86,013
Credit card liability	(70,110)	35,679	26,539
Accrued liabilities	153,230	113,423	(28,110)
Deferred revenue	697,711	583,725	(89,900)
Operating lease liability	(24,111)	(20,670)	(21,860)
Net cash provided by operating activities	768,968	27,173	348,669
Cash flows from investing activities			
Investment in intangible asset	(14,025)	-	-
Purchase of property and equipment	-	(14,062)	(11,244)
Net cash used in investing activities	(14,025)	(14,062)	(11,244)
Cash flows from financing activities:			
Member distributions	(612,764)	-	(22,071)
Net cash provided by financing activities	(612,764)	-	(22,071)
Net change in cash and cash equivalents	142,179	13,111	315,354
Cash at the beginning of the year	510,397	497,286	181,932
Cash at the end of the year	\$ 652,576	\$ 510,397	\$ 497,286
Supplementary disclosures of cash flows			
Cash paid for interest	\$ -	\$ -	\$ -

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

PATCHMASTER FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023, and 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

PatchMaster Franchise, LLC (the “Company”) was formed on November 17, 2021 as a Delaware Limited Liability Company and began operations on December 18, 2021. The principal function of the Company is to maintain the operations for the PatchMaster system of drywall repair franchises.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, 2023, and 2022, the Company had cash and cash equivalents of \$652,576, \$510,397, and \$497,286, respectively.

The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, marketing fees, and technology fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, Financial Instruments—Credit Losses. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2024, 2023, and 2022, the Company had net receivables of \$603,399, \$1,173,530, and \$386,137, respectively. As of December 31, 2024, 2023, and 2022, the Company had an allowance for uncollectible accounts of \$24,070, \$28,452, and \$55,706, respectively.

PATCHMASTER FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023, and 2022

(f) Intangible Assets

Intangible assets consist of goodwill and trademark licenses. Goodwill and trademark licenses are considered indefinite-lived under ASC 350-30, *Intangibles—Goodwill and Other*. Indefinite-lived intangible assets are not amortized but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

Impairment testing is performed by comparing the fair value of the trademarks to their carrying amount. If the carrying amount exceeds the fair value, an impairment loss is recognized in accordance with ASC 350-30-35. The Company evaluates factors such as market conditions, financial performance, and legal or regulatory changes that may impact the trademarks' fair value. Additionally, in accordance with ASC 275-10, *Risks and Uncertainties*, the Company considers significant judgments and estimates involved in determining the useful life and impairment of intangible assets. The Company has recorded no impairment loss for the years ended December 31, 2024, 2023, and 2022.

(g) Property and Equipment

In accordance with ASC 360, *Property, Plant and Equipment*, the Company accounts for property and equipment at cost less accumulated depreciation. Expenditures for major renewals and improvements are capitalized. Minor replacements, maintenance, and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the result of operations for the respective period. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives for significant property and equipment categories are as follows:

Office equipment	3-5 years
Furniture and fixtures	5-7 years
Leasehold improvements	Lesser of the useful life or lease term

(h) Long Lived Assets

The Company reviews long-lived assets, including intangible assets, for impairment when events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. No impairment has been recognized to date.

(i) Revenue Recognition

The Company's revenues consist of initial franchise fees, royalties based on a percentage of gross revenues, technology fees, and marketing fees.

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, marketing fund fees, franchise revenue (royalty fees and vendor rebates), opening assistance fees, technology fees, restaurant revenue, and other fees.

PATCHMASTER FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023, and 2022

Royalty revenue

Upon evaluation of the five-step process, the Company has determined that royalty fees are to be recognized in the same period as the underlying sales, in accordance with the sales-based royalty exception.

Marketing fund fees

Upon evaluation of the five-step process, the Company has determined that marketing fund fees are to be recognized in the same period as the underlying sales, in accordance with the sales-based royalty exception.

Technology fees

The Company provides technology services to its franchisees on a monthly basis. Upon evaluation of the five-step process, the Company has determined that technology fees are to be recognized in the same period as the services are provided.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has allocated the portion of the initial fees equal to the fair value of pre-opening services, which are recognized upon the provision of all pre-opening services (generally the commencement of operations). The remainder has been allocated to the license and underlying intellectual property, which is recorded as deferred revenue and amortized over the life of the franchise agreement.

(j) Leasing

The Company adopted ASC 842, *Leases* as of January 1, 2022, using the modified retrospective method. The Company has an operating lease for office space, which required adjustments to record the right-of-use asset and lease liability as of the date of implementation. Upon adoption, the Company recorded a right-of-use asset of \$101,495 and a lease liability of \$103,131. The net effect on the Company's equity on January 1, 2022 was a reduction of \$1,636. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease term, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company's cash flows.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the

PATCHMASTER FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023, and 2022

Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

(k) Income Taxes

The entity is structured as a limited liability company (“LLC”) under the laws of the State of Delaware. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023, 2022, and 2021 tax years were subject to examination.

(l) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2024, 2023, and 2022 were \$726,869, \$500,655, and \$356,017, respectively.

(m) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(n) Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported results of operations.

(2) Intangible Assets

As of December 31, 2024, 2023, and 2022, the Company’s intangible assets consisted of the following:

	2023	2022	2021
Goodwill	\$ 3,707,019	\$ 3,707,019	\$ 3,707,019
Tradename	520,000	520,000	520,000
Website (in progress)	14,025	-	-
	<u>\$ 4,241,044</u>	<u>\$ 4,227,019</u>	<u>\$ 4,227,019</u>

(3) Accrued Liabilities

The Company’s accrued liabilities consist of commissions payable to brokers, payroll, and accrued advertising costs. As of December 31, 2024, 2023, and 2022, the Company’s accrued liabilities are \$472,481, \$319,251, and \$205,828, respectively.

PATCHMASTER FRANCHISE, LLC
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(4) Operating Lease

The Company is the lessee in an operating lease for office space. The lease expires in 2026, with the option to renew. As of December 31, 2024, 2023, and 2022, the Company recorded a right of use asset of \$34,650, \$58,681, and \$78,073, respectively. As of December 31, 2024, 2023, and 2022, the Company had the following operating lease liability:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating lease liability, current	\$ 26,572	\$ 24,111	\$ 22,978
Operating lease liability, non-current	9,918	36,490	58,293
	<u>\$ 36,490</u>	<u>\$ 60,601</u>	<u>\$ 81,271</u>

As of December 31, 2024, the future minimum lease payments under non-cancelable operating leases are as follows:

For the year ended December 31,	
2025	\$ 27,800
2026	<u>9,400</u>
Total lease payments	37,200
Less: amounts representing interest (discount rate of 5%)	<u>(710)</u>
Total operating lease liability	<u>\$ 36,490</u>

(5) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties. Under the franchise agreement, franchisees are granted the right to operate a location using the Patch Master system for a period of ten years. Under the Company's revenue recognition policy, a portion of the franchise fees and any corresponding commissions attributable to the pre-opening services are recognized when the franchisee begins operations. The remainder is amortized over the life of the contract term.

As of December 31, 2024, 2023, and 2022, the Company has the following current and non-current deferred contract costs:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred contract costs, current	\$ 399,805	\$ 842,215	\$ 333,920
Deferred contract costs, non-current	<u>1,003,405</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,403,210</u>	<u>\$ 842,215</u>	<u>\$ 333,920</u>

As of December 31, 2024, 2023, and 2022, the Company has the following current and non-current deferred revenue:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred revenue, current	\$ 481,697	\$ 1,035,900	\$ 452,175
Deferred revenue, non-current	<u>1,251,914</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,733,611</u>	<u>\$ 1,035,900</u>	<u>\$ 452,175</u>

(6) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of inurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss

PATCHMASTER FRANCHISE, LLC
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contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through March 18, 2025, which is the date the financial statements were issued.

EXHIBIT BB-1

FRANCHISE AGREEMENT WITH SCHEDULES



PATCHMASTER™

THE DRYWALL REPAIR SPECIALISTS

PATCHMASTER FRANCHISE, LLC

FRANCHISE AGREEMENT

PATCHMASTER FRANCHISE, LLC

**FRANCHISE AGREEMENT
SUMMARY PAGE**

Agreement Effective Date: _____

Business Start Date: _____

Expiration Date: _____

Franchisee(s): _____

Business Entity Type: _____

State of Formation: _____

Authorized Trade Name: _____

Franchised Business Office: _____

Telephone Number: _____

Email Address: _____

Ownership Interest: You represent and warrant that the following ownership information is accurate and complete:

<u>Name</u>	<u>Home Address</u>	<u>Email Address</u>	<u>Ownership %</u>

Licensed Service Area: The following LSAs are granted under this Agreement:

<u>LSA</u>	<u>Population</u>	<u>Zip Codes</u>
<u>1</u>		
<u>2</u>		
<u>3</u>		

Initial Franchise Fee: \$ _____

First Responder Discount: You do qualify for the First Responder's Discount
 You do not qualify for the First Responder's Discount

Minimum Royalty Fee:

The following Monthly Minimum Royalty Fee specified below will apply beginning on each respective start date:

<u>Start Date</u>	<u>Minimum Monthly Royalty Fee</u>
<u> / / </u>	<u>\$400.00 per month per LSA</u>
<u> / / </u>	<u>\$500.00 per month per LSA</u>
<u> / / </u>	<u>\$600.00 per month per LSA</u>

Percentage-Based Royalty Fee

Percentage of prior month's Gross Revenue (reduction of percentage applies only to incremental Gross Revenue):

<u>Percentage-Based Royalty Fee</u>	
<u>Year-to-Date Gross Revenue</u>	<u>Percentage of Gross Revenue</u>
<u>\$0 - \$150,000</u>	<u>9.0% of Gross Revenue</u>
<u>\$150,001 + \$250,000</u>	<u>8.5% of Gross Revenue</u>
<u>\$250,001 - \$500,000</u>	<u>8.0% of Gross Revenue</u>
<u>\$500,001 - \$1,000,000</u>	<u>7.5% of Gross Revenue</u>
<u>\$1,000,001 - \$1,500,000</u>	<u>7.0% of Gross Revenue</u>
<u>\$1,500,001 - \$2,500,000</u>	<u>6.0% of Gross Revenue</u>
<u>\$2,500,001 and over</u>	<u>5.0% of Gross Revenue</u>

Brand Fund Contribution:

Currently, 1% of Gross Revenue (subject to change, up to 3% Gross Revenue)

Transfer Fee:

\$10,000

RightTrack Startup Package:

\$39,375

Technology Fee:

\$300 per month (subject to change)

Local Advertising Expenditure:

\$ _____ per month for 24 months after business Start Date (subject to change)

Franchisor Address (for Notices):

PatchMaster Franchise, LLC
88 East Main Street, Suite H345
Mendham, New Jersey 07945

Franchisor Address (Physical):

PatchMaster Franchise, LLC
57 Main Street
Chester, New Jersey 07930

| [Additional Comments:](#)

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2. ~~Personal Guaranty of Payment and Performance~~[FRANCHISE OWNERS](#)
3. ~~State Specific Addendum~~[ELECTRONIC FUNDS TRANSFER AUTHORIZATION](#)
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**PATCHMASTER FRANCHISE, LLC
FRANCHISE AGREEMENT**

~~THIS FRANCHISE AGREEMENT~~ (This Franchise Agreement (including all exhibits hereto, as amended, restated, supplemented, or otherwise modified from time to time, this “**Agreement**”) is ~~made~~ entered into on the Effective Date by and between PatchMaster Franchise, LLC a Delaware limited liability company (~~“Franchisor”~~), and, having its principal place of business at 57 Main Street, Chester, New Jersey 07930 (“**we**” “**us**” and “**our**”), and the Franchisee as identified ~~on~~ in the Data Sheet (~~“Data Sheet”~~) attached as Schedule 1 (“**you**” or ~~Franchisee~~”), with reference to the following facts: Summary Page (“**you**” and “**your**”).

~~A. Franchisor has the right to license the use of certain trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, copyrights, trade dress, trade secrets, Confidential Information, commercial symbols and other indicia of origin including, but not limited to, the mark “PatchMaster” and any and all revisions, modifications and additions thereto.~~

BACKGROUND:

~~B. Franchisor has developed a System for the ownership and operation of a PatchMaster business that provides~~ WHEREAS, we have developed and will further develop distinctive and proprietary business systems, methods, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop, or otherwise modify from time to time (together, the “**System**”) identified by the name “**PATCHMASTER®**” and other trademarks, service marks, graphics, trade names, trade dress, slogans, and other commercial symbols as we may approve from time to time (“**Marks**”), to establish and operate a business providing drywall and other wall surface repair and related services to residential and commercial ~~clients~~ customers and additional products and services authorized by us (~~the~~ “**PatchMaster Business**”);

WHEREAS, we grant to qualified persons and business entities the right to own and operate a PatchMaster Business using the System and the Marks; and

WHEREAS, you wish to operate a PatchMaster Business, have applied for a franchise, and have been approved by us in reliance upon the representations made herein and therein to operate a PatchMaster Business under the terms of this Agreement.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. GRANT AND SCOPE OF FRANCHISE

1.1. Grant

~~C. Franchisor desires to grant, and Franchisee wishes to obtain, the right and~~ We hereby grant to you, and you undertake and accept, upon the terms and conditions herein contained, a limited and non-exclusive license to operate ~~an independently owned and operated~~ one PatchMaster Business (~~the~~ using the System and Marks on the terms described in this Agreement (your “**Franchised Business**”) ~~using the Marks, the Manuals and Confidential Information in strict accordance with the System within a~~. You may not sublicense the use of the System or Marks to any person or delegate the operation or supervision of your Franchised Business, without our prior written approval.

1.2. Licensed Service Area ~~described on the Data Sheet.~~

NOW, THEREFORE, IT IS AGREED

1-DEFINED TERMS. For purposes of this Agreement, the terms below have the following definitions:

1.1 “Default” or “default” shall mean ~~any breach of, or failure to comply with, any of the terms or conditions of an agreement between Franchisee and Franchisor including failure to comply with mandatory specifications in the Manuals.~~

1.2.1. You and we have agreed on one or more geographic areas described on the Summary Page of this Agreement (the “Summary Page”) to act as your licensed service areas for conducting the Franchised Business and soliciting customers (your “LSA(s)). You hereby agree that, without our prior authorization, you and your Owners will not, and each of you will cause your respective affiliates, representatives, and personnel not to: (i) conduct any marketing, advertising, or promotional activities for your Franchised Business and/or using the Marks or the System outside of your LSA(s), (ii) solicit orders, jobs, or projects from customers outside of your LSA(s) and/or that would be conducted outside of your LSA(s), and/or (iii) conduct work, accept or perform jobs, sell any products or services, and/or otherwise conduct the Franchised Business outside of your LSA(s). If you receive an unsolicited business request for work outside of your LSA(s), you must notify us and provide us all relevant information for such prospective customer.

1.2.2. You acknowledge and agree that it is integral to the franchise system that you respect the territorial restrictions contained in this Agreement, and that your failure to respect such boundaries affects not only other franchisees but also our relationship with our other franchisees and the integrity of the franchise system itself. You further acknowledge and agree that the harm caused by such failure would be difficult to calculate. Therefore, you agree that if you breach the terms of Section 1.2.1, without limiting our other rights including our right of termination under Section 12.2, you must pay us liquidated damages in an amount equal to the greater of: (i) \$5,000 per incident for any marketing, advertising, or promotional activities conducted outside of your LSA(s) in breach of Section 1.2.1, or (ii) 50% of the job value for any work obtained in breach of Section 1.2.1. You acknowledge and agree that the foregoing amount represents a reasonable forecast of just compensation for the breach.

1.2.3. During the term of this Agreement, provided that you and your Owners and each of your and their respective affiliates are in full compliance with this Agreement and all other agreements with us and our affiliates, we agree that we will not establish or operate, nor grant any other person the right to establish or operate, a PatchMaster Business with an office located in your LSA(s). You acknowledge and agree that the foregoing provides your sole territorial protection of any kind, and nothing in this Agreement or otherwise will restrict or limit, in any manner, our or our affiliates’ rights to conduct any other business activities in any location whatsoever, including in your LSA(s), including that we and our affiliates expressly reserve the right to: (i) conduct marketing, advertising, or promotional activities of any kind and/or solicit or accept customers of any kind, in any location whatsoever, including in your LSA(s); and/or (ii) conduct services and perform jobs and/or grant other parties the right to conduct services and perform jobs, for National Accounts Clients, in any location whatsoever, including in your LSA(s). We may revoke or reduce the size of any of your LSA(s), with notice to you, if you or your Owners or any of your and their respective affiliates breach this Agreement and/or any other agreement with us and our affiliates, and fail to cure such breach with the applicable cure period (if any).

1.2.4. If you wish to modify your LSA(s), you must first submit a written request to us. You may not relocate your Franchised Business and/or modify your LSA(s) without our prior written approval. Our approval may be conditioned on several factors such as the location of the new LSA(s), your compliance with this Agreement, and other factors as we determine in our sole

discretion. If we approve your request to modify your LSA(s), we may require you to: (a) pay us a territory change fee of up to \$1,000 per LSA, plus reimbursement of our administrative costs and expenses; (b) sign an amendment to this Agreement in the form we require, and (c) execute a general release of claims in a form prescribed by us, of any and all claims against us, any affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), except to the extent prohibited by the applicable law.

1.2.5. Should your LSA(s) be defined by any boundaries that are subject to change, and such boundaries change for any reason, including changes to postal codes, then your LSA(s) will be deemed to be the same geographic boundaries as of the Effective Date.

2. FEES

~~1.2 “Entity” shall mean any limited liability company, partnership, trust, association, corporation, or other entity that is not an individual as set forth on the Data Sheet.~~

~~1.3 “Gross Revenue” includes the total revenues, receipts, and dollar volume from the sale of all products, services and merchandise sold and booked in connection with the Franchised Business, whether under any of the Marks or otherwise. Gross Revenue is calculated on an accrual basis regardless of whether Franchisee has collected payment. Gross Revenue excludes sales taxes added to the sales price and collected from the customer. Third-party fees and payments and uncollected funds are not excluded from Gross Revenue.~~

~~1.4 “Manuals” shall mean any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which Franchisor or its authorized representatives produce and that contain System Standards and recommendations for the Franchised Business, all of which Franchisor may change from time to time.~~

~~1.5 “Marks” means the trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, copyrights, trade dress, trade secrets, commercial symbols and other indicia of origin including, but not limited to, any logo and the mark “PATCHMASTER” and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body.~~

~~1.6 “Owner” means any person or entity who, now or hereafter, directly or indirectly owns an interest in the franchisee when the franchisee is a corporation, limited liability company, or a similar entity other than a partnership entity. If the franchisee is a partnership entity, then each general partner is an Owner, regardless of the percentage of ownership interest. If the franchisee is one or more individuals, each individual is an Owner of the franchisee. Your Owner(s) are identified on the Data Sheet. Every time there is a change in the persons who are your Owners, you must, within 10 days from the date of each such change, update the Data Sheet. As used in this Agreement, any reference to Owner includes all Owners.~~

~~1.7 “Reporting Period” shall mean the monthly calendar period from the 1st of the month to the last day of the month (unless we designate otherwise).~~

~~1.8 “Products and Services” shall mean those products and services authorized by Franchisor to be sold to consumers and businesses in connection with the Franchised Business and associated with the PATCHMASTER marks, which shall include but not be limited to providing wall surface repair and related services to residential and commercial clients. Franchisor reserves the right to update the list of Products and Services.~~

~~1.9 “System” shall mean Franchisor’s confidential and proprietary business systems, techniques, strategies, procedures, and formats for marketing, promoting, training, and operating a PatchMaster Business as Franchisor may modify from time to time.~~

~~1.10 “System Standards” shall mean specifications, standards, policies, and procedures required to operate the Franchised Business as memorialized in the Manual or otherwise specified by Franchisor.~~

~~1.11 “Transfer” shall mean any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee of any interest in this Agreement, in the Franchised Business, or its assets or of the ownership of Franchisee, if Franchisee is a corporation, partnership, limited liability company, or other Entity.~~

~~2. FRANCHISE APPOINTMENT. The following provisions control with respect to the license granted hereunder:~~

2.1. ~~2.1~~ Grant of Initial Franchise Fee

Upon execution of this Agreement, you must pay us an initial franchise fee (“Initial Franchise Fee”) in the amount stated on the Summary Page. The Initial Franchise Fee is deemed fully earned upon execution of this Agreement and is non-refundable under any circumstances.

2.2. Royalty Fee

2.2.1. You must pay us a monthly royalty fee during the term of this Agreement (“Royalty Fee”), equal to the greater of: (a) from and after each applicable start date reflected on the Summary Page, the Minimum Royalty Fee reflected on the Summary Page, or (b) the Percentage-Based Royalty Fee described on the Summary Page. The due date and intervals of the Royalty Fee will remain subject to change from time to time, provided that they will not be changed without at least 30 days prior notice to you. With no less than 30 days prior notice, we may increase the amount of the Minimum Royalty Fees reflected on the Summary Page in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor’s Consumer Price Index since the Effective Date, or such later date as we last adjusted the Minimum Royalty Fees. If you acquire more than one LSA under this Agreement for any reason, the Minimum Royalty Fee will apply per LSA.

2.2.2. As it relates to the percentage rate used to calculate the Percentage-Based Royalty Fee, you agree that each reduction of the percentage rate identified on the Summary Page is incremental and applies only to the Gross Revenue earned in each applicable Gross Revenue range identified on the Summary Page, and not to the full year in which such year-to-date Gross Revenue is achieved. If during any calendar month you achieve a year-to-date Gross Revenue that entitles you to a lower percentage rate thereafter, you first must pay the balance of the year-to-date Gross Revenue in the applicable range multiplied by the higher percentage rate, and then the remaining Gross Revenue earned in that month at the subsequent lower percentage rate.

2.2.3. For the purposes of this Agreement, “Gross Revenue” means the aggregate of all revenue and consideration of any kind derived from your Franchised Business, whether from check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto. Third-party fees and payments and uncollected funds are not excluded from Gross Revenue. With respect to National Accounts Clients, Gross Revenue includes all revenue received by us for performance of services, without deduction for dispatch or claims management fees or similar fees.

2.3. Optional Programs

We may from time to time establish one or more optional programs for franchisees, which you may elect to participate in for an additional cost. If we establish any such programs, and you elect to participate, you must pay the associated fee as we require and comply with the terms and conditions for those programs. You may elect not to participate in these optional programs, provided that you understand that you will not be entitled to the benefits of such programs in such case. We may modify and/or discontinue any optional programs that we establish at any time, and/or establish

new optional programs at any time during the Term. We may also establish franchisee qualifications and/or participation criteria for such optional programs from time to time, and/or elect not to provide you access to any such optional programs for any reason. You acknowledge that you have not entered into this Agreement in reliance on any such program.

2.4. Taxes

~~2.4.1 Franchisor hereby grants and Franchisee accepts a license to use the Marks and System to offer Products and Services within the area identified by certain contiguous zip/postal codes on the Data Sheet (“Licensed Service Area” or “LSA”) subject to the terms and conditions of this Agreement. As long as Franchisee is materially compliant with this Agreement, Franchisor will not grant another franchise location in the Licensed Service Area during the Term.~~

If any taxes, fees, or assessments are imposed on your payment of any fees (except taxes imposed on your net taxable income), you must also pay the amount of those taxes, fees, or assessments. If we for any reason pay any such taxes on your behalf, such amounts will be indemnified by you under Section 16.2 of this Agreement.

2.5. RightTrack Startup Package

You agree to pay us or our designee for the “RightTrack Startup Package” in the amount identified on the Summary Page on the Effective Date. The amounts paid are not refundable. If your LSA(s) are for any reason not contiguous, you must pay for the RightTrack Startup Package in the amount specified on the Summary Page for each LSA.

2.6. Incentive Programs

~~(1) Should the boundaries of any such postal codes change for any reason, Franchisee’s Licensed Service Area shall be deemed to be the same geographic boundaries as those Licensed Service Area for those postal codes on the Agreement Effective Date identified on the Data Sheet. The Franchisee must establish a location for the Franchised Business (“Franchise Location”) within the Licensed Service Area as identified on the Data Sheet, subject to approval by Franchisor. If Franchisee chooses to lease space to accommodate the Franchised Business, Franchisee must ensure the lease term shall not be longer than this Agreement’s Term. If Franchisee chooses to have a home office and lives outside its Licensed Service Area, Franchisee must establish a business address/location within its Licensed Service Area, which includes at least a physical address (not a P.O. Box).~~

We may offer certain incentive programs that discount certain fees from time to time subject to certain criteria. Any such incentive program is completely at the sole discretion of us and may be implemented, changed, or discontinued at any time.

2.7. Technology Fee

~~(2) Franchisor reserves the right to require Franchisee, upon written notice, not to conduct the Franchised Business, offer any Products and Services associated with the Franchised Business, or to market, advertise, or solicit business outside of Franchisee’s LSA. Franchisee shall not conduct the Franchised Business or offer any Products and Services associated with the Franchised Business in another franchisee’s Licensed Service Area. Franchisee shall not market, advertise or solicit business in another franchisee’s Licensed Service Area. All marketing representations must include a list or description of your LSA as approved by Franchisor. In the event Franchisee receives business from in another franchisee’s Licensed Service Area, Franchisee must refer the business to the franchisee who licenses the applicable Licensed Service Area.~~

We require you to pay a technology fee in the amount specified on the Summary Page (the “Technology Fee”). We may periodically modify the amount of the Technology Fee and the method or timing for payment at any time during the Term; provided, the Technology Fee will not increase by more than 30% per year on a compounding basis. The Technology Fee is in addition to all direct out-of-pocket costs you must otherwise incur to acquire, maintain, or service the Technology Systems as described in Section 10.3. If your LSA(s) are for any reason not contiguous, you must pay the Technology Fee specified on the Summary Page for each LSA.

2.8. Transfer Account and Payment Method

You must open and maintain a single commercial deposit account for your Franchised Business (the “Transfer Account”). All Gross Revenue from your Franchised Business must be deposited in the Transfer Account immediately upon receipt. You must ensure that there are sufficient funds in the Transfer Account to cover amounts owed to us prior to the date such amounts are due. You agree to execute such documents required by us to authorize us to directly debit amounts owed under this Agreement from the Transfer Account. The current form of Electronic Depository Transfer Authorization is attached to this Agreement as Exhibit 3. You may not close the Transfer Account without our prior written approval. We may periodically designate an alternative method of payment for any payment due hereunder and you agree to comply with our payment instructions, including by keeping a credit card on file with us. If we require that you pay us by credit card you are responsible for ensuring that we have correct payment information (including expiration dates and billing address) and all signed authorization documents at all times. All amounts payable to us or our affiliates must be in United States Dollars (\$USD).

2.9. Interest on Past Due Amounts

If you fail to pay us amounts owed under this Agreement when due, then for each day the payment remains delinquent you must pay us a fee of \$10 per day, plus interest at a rate of 1.5% per month (or the maximum rate permitted by law, if less) from the date payment is due to the date payment is received by us. You must also pay us a \$50 fee per occurrence if any payment to us of any amount owed under this Agreement fails for any reason, including for declined credit card or insufficient funds in your Transfer Account. In addition, you must pay us for all other costs we incur in the collection of any unpaid and past-due amounts, including reasonable attorney fees.

2.10. Undisclosed Sales

~~(3) Every advertisement of services must indicate that the Franchisee is an “Independently Owned and Operated Franchise” and “Not All Services Available at Every Location.” Franchisees are prohibited from mass marketing the pricing or discounts of their services without prior written approval. For this purpose, “mass marketing” shall be defined as intentional proactive communications directly to multiple contacts via telephone, emails, or internet, which shall include website, social media posts and broadcast text messages and emails for the express purpose of generating business.~~

If you fail to report your Gross Revenue when due, then for each payment under this Agreement calculated based on Gross Revenue, we may debit the Transfer Account an amount equal to the average applicable payment from the last 6 months. If the amounts that we debit from the Transfer Account are less than the amounts actually owed (once the Gross Revenue is accurately determined), we will debit the Transfer Account for the balance. If the amounts that we debit from the Transfer Account are greater than the amounts actually owed, we will credit the excess against the amounts we otherwise would debit from the Transfer Account on the next payment due date.

2.11. Application of Payments

~~(4) Franchisee must use the national telephone number provided by Franchisor for all advertising/promotional purposes.~~

Notwithstanding any designation, we have the right to apply any payments by you or your Owners to any past due amounts that you or your affiliates owe us or our affiliates, including for Royalty Fees, Brand Fund Contributions, purchases of products or services, license fees for proprietary software and platforms, or any other amount owed to us or our affiliates in any proportion or priority. You may not withhold payment of any amounts owed to us or our affiliates for any reason, including for any alleged non-performance by us or off-set such amounts in any manner.

~~(5) Each territory violation, which includes but is not limited to, conducting the Franchised Business in another franchisee's LSA will result in a fine of the greater of \$5,000 per occurrence or 50% of revenue generated from such infringing activity payable to Franchisor, due upon demand. Franchisor may distribute all or a portion of this amount to the franchisee whose LSA was violated. This penalty is in addition to, not in lieu of, Franchisor's right to terminate Franchisee for said conduct.~~

~~2.1.2 Franchisor's selection or acceptance of Franchisee's Franchise Location shall not be construed to ensure or guarantee profitable operation of the Franchised Business by Franchisee or any specific amount of gross revenue from the Franchised Business. Franchisor makes no warranty, representation, or guaranty of any kind with respect to the success, gross revenues or profitability of the Franchised Business. Franchisee acknowledges and agrees that the gross revenue of the Franchised Business can vary significantly, based on a variety of factors such as increased competition, Franchisee's individual effort, different product offerings, changes in population or demographics, and location, among others, and that Franchisor shall have no responsibility therefor.~~

~~2.1.3 In consideration of Franchisor's agreement to grant the franchise, Franchisee at all times shall use its best efforts to promote and increase the sales and service of the Franchised Business and promote the System overall and to affect the widest and best possible distribution and services associated with the Franchised Business. Under no circumstances shall Franchisee sublicense, sublease, subcontract or enter any management agreement for the right to operate a PatchMaster Business or to use the System.~~

~~2.1.4 Franchisor may add new, additional or ancillary lines of products or services ("Ancillary Business") to the System and require Franchisee to incorporate such new products or services into the Franchised Business.~~

~~2.1.5 In order for you to retain the rights to the LSA, beginning in the 3rd year of the Term, and every year thereafter, you must annually generate a minimum of \$100,000 in Gross Revenue in each LSA ("Minimum Growth Requirement"). If you fail to achieve the Minimum Growth Requirement in any year during the Term (after the 2nd year of the Term), we reserve the right to either reduce the size of your LSA or to terminate this Agreement by written notice to you. If you obtained more than one LSA and are failing to reach the minimum business growth requirement in one of them, we may either terminate that LSA or terminate this Agreement by written notice to you.~~

~~2.2 Commencement of Operations. Franchisee agrees to commence operations for the Franchised Business no later than the "Business Start Date" as identified on the Data Sheet. You must receive our written approval before commencing operations of the Franchised Business. For purposes of this Agreement, Franchisee's fiscal year shall begin on the first day of January and end on the last day of December for so long as this Agreement remains in effect.~~

~~2.3 Non-exclusivity; Franchisor's Reservation of Rights.~~

~~2.3.1 The license granted herein is limited to the right to develop, operate, and market the Franchised Business within the Licensed Service Area subject to Franchisee remaining in compliance with this Agreement.~~

~~2.3.2 Should Franchisee fail to remain materially compliant with this Agreement (including violations of Sections 10.2 and 10.3 of this Agreement), Franchisee shall lose any exclusivity that may otherwise attach by way of the Licensed Service Area. In this event, Franchisor may grant another PatchMaster franchise within Franchisee's Licensed Service Area upon ten (10) days' written courtesy notice by e-mail.~~

~~2.3.3 Further, the license granted herein does not include:~~

~~(1) Any right to sell products or services associated with or identified by the Marks at any location outside the Licensed Service Area;~~

~~(2) Any right to sell products or services associated with or identified by the Marks through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce);~~

~~(3) Any right to sell products or services other than the Products and Services associated with the Marks that are approved and designated by Franchisor;~~

~~(4) Any right to sell Products and Services associated with or identified with the Marks to any person or entity for resale or further distribution, except as we may designate in writing; or~~

~~(5) Any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned PatchMaster Businesses at any time or at any location regardless of the proximity to the Licensed Service Area.~~

~~2.3.4 Franchisor retains all rights that are not expressly granted to Franchisee under this Agreement. Further, Franchisor may, among other things, on any terms and conditions that Franchisor deems advisable, without compensation to any franchisee, and without granting Franchisee any rights therein:~~

~~(1) Grant franchises and licenses to establish and operate, a PatchMaster Business at any location outside of the Licensed Service Area.~~

~~(2) Conduct any business of any kind itself, or through our direct or indirect affiliates or representatives or subcontractors, for National Accounts, in any location including in the Licensed Service Area.~~

~~(3) Own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Franchised Business, at any location, whether inside or outside of Licensed Service Area.~~

~~(4) Own, acquire, establish and/or operate, and license others to establish and operate businesses, whether inside or outside of the Licensed Service Area, that:~~

~~a) Offer any products or services (including the products and services you offer through the Franchised Business) through other channels of distribution, including to produce, license, distribute and market PATCHMASTER branded products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Franchised Business) including retail and department stores and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods; and~~

~~b) Operate businesses that are not the same as a PatchMaster Businesses under the Marks.~~

~~(5) Own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution under different marks and branding or utilizing the Marks and the System, including, without limitation, toll free telephone numbers, domain names, URLs, on line computer networks and services, the Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations.~~

~~2.3.5 Franchisor's affiliated entities (with common ownership) that you are required to use as an Approved Supplier for certain products and services may sell the same exact products and services to businesses that compete with you.~~

~~2.3.6 Although under no obligation to do so, Franchisor may from time to time establish certain national accounts with companies ("National Accounts"). Participation for such National Accounts may require Franchisee satisfy certain eligibility criteria. If Franchisee is eligible to service these National Accounts and is interested in doing so, Franchisee will be required to sign a separate National Account Service Agreement for each customer identifying the conditions under which Products and Services will be provided. Franchisor and its affiliates may also service National Accounts in any location, including within any LSA. If Franchisee is offered the opportunity to service a National Account, and does not accept such offer in the manner and within the time period that Franchisor specifies, Franchisor has the right to authorize other PatchMaster Business to provide such services, including in the LSA.~~

3. ~~3~~-TERM AND RENEWAL

~~3.1 Initial Term. The Initial Term shall be a period of ten (10) years from the Agreement Effective Date ("**Term**"), unless sooner terminated in accordance with the provisions of this Agreement.~~

3.1. Initial Term

This Agreement will begin on the date that we sign this Agreement (the "**Effective Date**") and will expire on the Expiration Date on the Summary Page. If no Expiration Date is specified on the Summary Page, this Agreement will expire on the 10th anniversary of the Effective Date.

~~3.2 Renewal Term. Franchisee shall have no option for a renewal term or any other renewal rights as pertains to the Franchised Business. In the event Franchisor elects to offer Franchisee a renewal term, Franchisee must sign Franchisor's then current franchise agreement, which may contain terms and conditions materially different than this Franchise Agreement ("**Renewal**")~~

~~Agreement”). If Franchisor chooses to offer Franchisee a Renewal Agreement based on its sole reasonable discretion, all of the following conditions must be fulfilled:~~

~~3.2.1 Franchisee shall provide Franchisor with a Notice of Intent of its desire to be considered for a Renewal Agreement 180 days prior to the expiration of the Term.~~

~~3.2.2 Franchisee shall pay \$2,500 as a “Renewal Agreement Fee” at the time Franchisee executes the Renewal Franchise Agreement.~~

~~3.2.3 Franchisee has been throughout the Term, and at the expiration of the Term, still is, in full compliance with this Agreement, and all other agreements between Franchisee and Franchisor.~~

~~3.2.4 At Franchisee’s sole expense, Franchisee or Franchisee’s manager may be required to attend marketing, operations and/or another training program as determined by Franchisor in its sole discretion.~~

~~3.2.5 Franchisee can demonstrate its participation and engagement in the PatchMaster franchise system to Franchisor’s satisfaction (e.g., marketing, operations, and training programs; meetings/conferences) and has represented the PATCHMASTER brand in a professional and courteous manner.~~

~~3.2.6 Franchisee has complied with any requirements regarding modernization or refurbishment as may be necessary for the Franchised Business to conform to the standards then applicable to new PatchMaster franchises.~~

~~3.2.7 Franchisee executes and delivers a general release of Franchisor, and its respective officers, shareholders, directors, employees, agents, representatives, and affiliates in a form acceptable to Franchisor.~~

~~3.2.8 Franchisor and Franchisee shall have agreed on Franchisee’s Licensed Service Area (which is subject to change from that identified in this Agreement), and we continue to offer franchises and support in such market area.~~

~~3.2.9 Franchisee shall sign and return to Franchisor any documents necessary for the Renewal Agreement within 20 days after Franchisor has delivered them to Franchisee, including a new franchise agreement in its then current form.~~

~~**3.3 Waiver of Consideration for Renewal Agreement.** If Franchisee fails to perform any of the acts, or deliver the Notice of Intent required pursuant to the provisions of Section 3.2.1 above in a timely fashion, such failure shall (1) be deemed an election by Franchisee not to be considered for a Renewal Agreement, and (2) cause this Agreement to terminate at the end of Initial Term or Renewal Term, as the case may be and require Franchisee to comply with all post-termination obligations as otherwise contained in this Agreement.~~

3.2. Successor Term

Subject to the conditions below, you have the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with us. Your right to a successor franchise is limited to one successive term of 10 years. To qualify for a successor franchise, each of the following pre-conditions must have been fulfilled and remain true as of the last day of the term of this Agreement:

(a) You and your affiliates and Owners have, during the entire term of this Agreement, substantially complied with this Agreement, and all other agreements with us and our affiliates;

(b) You have updated the Franchised Business Office, service vehicle(s), and equipment, to reflect our then-current System Standards applicable to new franchisees;

(c) You and your affiliates and Owners have satisfied all monetary obligations owed to us and our affiliates, and have timely met these obligations throughout the term of this Agreement;

(d) You and your affiliates and Owners are not in default of any provision of this Agreement or any other agreement between you and us;

(e) You have given written notice of your intent to operate a successor franchise to us not less than nine months nor more than twelve months prior to the end of the term of this Agreement;

(f) You and your Owners have executed our then-current form of franchise agreement and associated documents, agreements, and guarantees, which franchise agreement will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee, or Brand Fund Contribution, or different or modified LSA(s);

(g) You pay us a renewal fee of \$2,500 plus reimburse us for our direct out-of-pocket costs for processing the renewal (including legal fees);

(h) You and your Owners satisfy our then-current qualifications for new franchisees, including that if we request, your Key Personnel must attend additional training at your sole expense;

(i) We are then offering franchises for PatchMaster Businesses in the geographic market area of your LSA(s); and

(j) You and your Owners have executed a general release, in a form prescribed by us, of any and all claims against us, any affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), except to the extent prohibited by the applicable law.

3.3. 3.4 Holdover Period.

If Franchisee you fails to enter into a Renewal successor franchise Agreement prior to the expiration of this Agreement and you continues to accept the benefits of this Agreement after ~~the its~~ expiration ~~of this Agreement~~, then at Franchisor's our option, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee you then operating a franchise without the right to do so and in violation of Franchisor's our rights; or (ii) continued on a month-to-month basis after the expiration of this Agreement (“**Holdover Period**”) ~~until one party provides the other with written notice of such party's intent to terminate the Holdover Period, in which case the Holdover Period will terminate thirty (30) days after receipt of the notice to terminate the Holdover Period.~~ In the latter case, all of Franchisee's your obligations under this Agreement shall remain in full force and effect during the Holdover Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee you upon expiration of this Agreement will be deemed to take effect upon termination or expiration of the Holdover Period unless the Holdover Period comes to a close with the parties' execution of a renewal successor franchise agreement. If Franchisee you enters into a Renewal successor franchise Agreement after the date of expiration of this Agreement, in addition to the R renewal Agreement Fee, Franchisee, you must pay a late renewal agreement processing fee in the amount of Five Hundred Dollars (\$500.00). \$500.00. If either party wishes to terminate the Holdover Period, then the Holdover Period will end 30 days after the notice of termination is received.

4. DEVELOPMENT OF FRANCHISED BUSINESS

4.1. Franchised Business Office

The street address or description of the premises of the location from which you will operate your Franchised Business (your “Franchised Business Office”) is described on the Summary Page. Your Franchised Business Office must be located within your LSA(s) unless you have our express written approval. If you choose to lease space for your Franchised Business Office, then you are solely responsible for obtaining occupancy rights to the Franchised Business Office, and for maintaining, insuring, and paying all associated costs for the Franchised Business Office. You must manage and administer your Franchised Business from the Franchised Business Office, including maintaining the books and records of your Franchised Business at the Franchised Business Office. We may from time to time establish System Standards for the Franchised Business Office, including relating to size, safety, or insurance requirements, and you agree to comply with all System Standards. You may not relocate the Franchised Business Office without our prior written consent.

4.2. Service Vehicles

~~**3.5 Notice Required by Law.** If Applicable Law requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term or Renewal Term, as the case may be, this Agreement shall remain in effect on a month to month basis until Franchisor has given the notice required by such Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then current form of franchise agreement, at the time Franchisee delivers its Notice of Intent, Franchisor may, in its discretion, (1) offer to renew this Agreement upon the same conditions set forth in Section 3.2 of this Agreement (as applicable), or (2) offer to extend the Initial Term or Renewal Term, as the case may be, on a month-to-month basis for as long as it deems necessary or appropriate so that it may lawfully offer its then current form of franchise agreement or disclosure document.~~

You must purchase one or more service vehicles that meet our System Standards to conduct your Franchised Business. You must wrap all service vehicles and any associated trailer(s) according to our System Standards. All wraps and service vehicles must be purchased from a supplier we

approve. If we request, you must submit to us all information regarding the service vehicle, including the terms of the lease or purchase agreement. You may not use your service vehicle(s) for any purpose unrelated to your Franchised Business. You and your staff must exclusively use the service vehicle(s) we have approved that meet our System Standards to travel to and from job sites. You must keep your vehicle in good maintenance and repair and ensure that it is consistently washed and kept in clean and safe condition. Each person that drives your vehicle must: (a) be appropriately licensed and insured; and (b) drive in a safe manner in compliance with all applicable laws. If any service vehicle is repossessed or damaged beyond repair, you must obtain a replacement vehicle within 30 days from the date the vehicle was repossessed or damaged.

~~4 FEES AND PAYMENTS:~~

~~4.1 Initial Franchise Fee. In consideration of the right, and franchise granted by this Agreement, Franchisee shall pay to Franchisor prior to or concurrently with Franchisee's execution of this Agreement the Initial Franchise Fee identified on the Data Sheet. The Initial Franchise Fee shall be deemed fully earned by Franchisor upon Franchisor's execution of this Agreement by both parties, and such Initial Franchise Fee shall not be refundable, in whole or part, at any time or under any circumstances. The Initial Franchise Fee is in addition to the periodic Royalty Fee and Marketing Contribution payable pursuant to this Agreement and to any other fees or payments which Franchisee may incur or owe to Franchisor from time to time under this Agreement or any other agreements. This Initial Franchise Fee is not applicable to Renewal Agreements.~~

~~4.2 Royalty Fee. In addition to the Initial Franchise Fee and in further consideration of the rights and entitlements granted under this Agreement during the full term of this Agreement, or any Holdover Period, Franchisee must pay Franchisor a "Royalty Fee" that is the greater of: i) the minimum monthly royalty fee payable pursuant to Section 4.2.1 below; or ii) the percentage of Gross Revenue ("~~Percentage Royalty Fee~~") identified in the table below. Royalty Fee payments received by Franchisor under this Agreement shall be under no restriction whatsoever, but shall be considered general funds of Franchisor to be used for any and all purposes as Franchisor solely determines.~~

Total Year to Date Gross Revenue generated by Franchisee during current calendar year:	Monthly Percentage Royalty Fee payable (as a percentage of previous month's Gross Revenue)
\$0—\$150,000	9% of month's Gross Revenue
\$150,001—\$250,000	8½% of month's Gross Revenue
\$250,001—\$500,000	8% of month's Gross Revenue
\$500,001—\$1,000,000	7½% of month's Gross Revenue
\$1,000,001—\$1,500,000	7% of month's Gross Revenue
\$1,500,001—\$2,500,000	6% of month's Gross Revenue
\$2,500,000 and over	5% of month's Gross Revenue

~~For example purposes only and not as any indication of Gross Revenue levels Franchisee should expect to achieve, should Franchisee generate Gross Revenue of \$350,000 during a calendar year, the monthly Royalty Fee payable by Franchisee during that year shall equal:~~

- ~~—9% of the first \$150,000 in Gross Revenue;~~
- ~~—8½% of the Gross Revenue between \$150,001—\$250,000; and~~
- ~~—8% of the final Gross Revenue between \$251,000—\$350,000 in Gross Revenue.~~

~~Should Franchisee cross one of the Gross Revenue thresholds defined above during a calendar month, the monthly Royalty Fee payable by Franchisee for that month shall equal the sum of the amount of Gross Revenue left in the first applicable threshold multiplied by the applicable percentage PLUS the amount of Gross Revenue in the next applicable threshold multiplied by the applicable percentage. In other words, Franchisee MUST pay the applicable Royalty Fee~~

percentage on the full amount of each Gross Revenue threshold before Franchisee can use the reduced Royalty Fee percentage in the next applicable threshold.

~~4.2.1. **Minimum Royalty Fee.** Beginning on the Minimum Effective Date, as identified on the Data Sheet, and continuing for so long as this Agreement is in effect, Franchisee agrees to pay to Franchisor a minimum monthly Royalty Fee in the amount identified on the Data Sheet (“**Minimum Royalty Fee**”). If the Minimum Royalty Fee is greater than the amount that would otherwise be due as calculated using the Percentage Royalty Rate identified above, Franchisee will remit the Minimum Royalty Fee along with the required reporting data. The use of “**Royalty Fee**” in this Agreement shall be inclusive of the Minimum Royalty Fee. Any increase in the Minimum Royalty Fee becomes effective on the anniversary of the Agreement effective Date.~~

~~4.3 **Marketing Contribution.** Franchisee must pay Franchisor a monthly marketing contribution in an amount up to three percentage (3%) of Gross Revenue (“**Marketing Contribution**”). As of the Effective Date identified on the Data Sheet, Franchisor collects only 1% of Gross Revenue as the Marketing Contribution; however, Franchisor may increase the Marketing Contribution amount, up to 3% of Gross Revenue, at any time and from time to time upon 30 days’ notice to Franchisee. These fees are not held by Franchisor in trust and become Franchisor’s property to be spent in accordance with the below provisions:~~

~~4.3.1 Franchisor, without seeking or obtaining agreement with Franchisee, and not as a condition to the grant or acceptance of the Franchised Business or rights hereunder, but strictly as a unilateral expression of intention and of business policy designed to enhance the competitive effectiveness and general public acceptance of the PatchMaster name and business, shall use the marketing fund (“**Marketing Fund**”) as it shall, in its sole discretion, deem beneficial for the brand, including the development and implementation of PatchMaster marketing, advertising and promotional programs to enhance the competitive effectiveness and general public acceptance of the PatchMaster name and service.~~

~~4.3.2 Franchisee’s marketing contributions are deposited into our general operating account and are commingled with our general operating funds. An accounting of the marketing contribution deposits constitutes the “Marketing Fund.” Franchisor has no affirmative obligation to provide Franchisee with an accounting of receipts or disbursements of these funds; however, upon Franchisee’s specific written request, Franchisor will provide an annual unaudited statement of the financial condition of the Marketing Fund.~~

~~4.3.3 The Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the Marketing Fund; provided, however, Franchisor will make a good faith effort to expend such fees in a manner that it determines is in the general best interests of the entire PatchMaster System. Franchisor undertakes no obligation in using such funds to make expenditures for Franchisee that are equivalent or proportionate to any franchisee’s contribution, or to ensure that any particular franchisee benefits directly or proportionately from the placement of advertising or promotional efforts. Franchisor does not have to spend any amount on marketing, advertising, promotion, or field work in Franchisee’s area.~~

~~4.3.4 Franchisor intends to use the Marketing Fund to build the reputation, awareness, value and acceptance of the PatchMaster name and Marks and the services associated therewith and to provide marketing, advertising and promotional materials and services to benefit the entire PatchMaster System. Franchisor shall direct all marketing programs financed by the Marketing Fund with sole discretion over all aspects of the fund’s usage, including, but not limited to, the creative concepts, materials, services, programs, endorsements, types of media~~

and geographic allocation of media placement. Marketing Fund expenses may include, but not be limited to: i) website development, content creation, social media, and marketing materials; ii) assisting franchisees in implementing marketing, advertising, and promotional tools and programs, which may include field visits, annual PatchMaster Brand conference/regional meeting costs attendant to marketing efforts or other targeted or system-wide marketing efforts at Franchisor's discretion; and iii) payments to Franchisor for the expense of administering the Marketing Fund, including administrative costs, overhead, accounting expenses and salaries and benefits paid to Franchisor's employees engaged in the marketing, advertising and promotion functions or as an allocation for certain Corporate Services as described below.

~~4.3.5~~ The Marketing Fund shall pay reasonable costs of administration, including administrative costs, overhead and salaries that Franchisor may incur related to the fund's purpose. Specifically, we have the right to use part of the Marketing Fund for joint or collective advertising campaigns with related, affiliated companies. Marketing Fund costs for formulation and development of advertising, marketing, promotional and public relations materials will include marketing staff compensation, travel expenses, and a proportionate share of the compensation for our senior management who devote time and render services for advertising, marketing and/or promotional purposes or the administration of the Marketing Fund. The Marketing Fund may compensate us or our affiliated entities for out-of-pocket costs and for reasonable expenses incurred for rent, overhead, accounting, collection, reporting, legal, human resources, finance, operations, management and other services (collectively "**Corporate Services**"), which we or our affiliated entities provide to, or which relate to the administration of or services provided to, the Marketing Fund and its programs. We and our affiliated entities may provide certain products and/or services to the Marketing Fund, including the Corporate Services outlined above, which would otherwise be provided by unaffiliated third parties, and we and our affiliates will be entitled to compensation by the Marketing Fund for such products and/or services. In those cases where Corporate Services costs are shared, we and our affiliates determine how much of the overall expenses incurred for Corporate Services for a calendar year are reasonably attributable to marketing, promotional and advertising services. These expenses are allocated based on revenue, headcount, usage and similar bases, as we deem appropriate for the specific Corporate Service. We have the right to periodically modify the allocation process and the methodology described in this paragraph.

~~4.4~~ **RightTrack Startup Package.** Franchisor will use funds paid toward the "RightTrack Startup Package" to assist Franchisee to purchase items to establish the Franchised Business. The amounts paid are not refundable. Franchisee agrees to pay Franchisor the fee associated with this Package as identified on the Data Sheet by the date identified on the Data Sheet.

~~4.5~~ **Incentive Programs.** Franchisor may offer certain incentive programs that discount certain fees from time to time subject to certain criteria. To the extent any of these incentive programs are implemented, Franchisee will receive notice of such incentives. Any such incentive program is completely at the sole discretion of Franchisor and may be implemented, changed, or discontinued at any time.

~~4.6~~ **Technology Fee.** Franchisee must pay Franchisor a reasonable monthly technology fee in the current amount which is identified on the Data Sheet ("**Technology Fee**") beginning on the Business Start Date. The Technology Fee includes technology development, maintenance, and usage, which may include certain required software (currently Office 365), telephone number, and scheduling and invoicing software, all of which are currently necessary to operate the Franchised Business. Franchisor reserves the right to increase the Technology Fee identified in the Data Sheet upon sixty (60) days/notice based on the evolving technology needs of the Franchised Business as determined in Franchisor's sole discretion using reasonable business judgment. Examples of software

programs that the Technology Fee may support include customer relationship management software, Office 365, or other comparable programs. The tools, software and programs offered through the Technology Fee are subject to change at Franchisor's sole discretion.

~~4.7 Territory Change Fee.~~ Franchisor reserves the right to require Franchisee to pay a "Territory Change Fee" of up to \$1,000 if it seeks to change its territory and such request is approved.

~~4.8 Ancillary Business Costs.~~ In the event Franchisor adds any additional lines of products or services to the System constituting an Ancillary Business, Franchisee agrees to assume the initially start-up and related costs associated with implementing such Ancillary Business per each LSA.

~~4.9 Other Fees.~~ Franchisor reserves the right to require Franchisee to purchase from Franchisor specific products or services, or to reimburse Franchisor for certain purchases including, but not limited to, call center and scheduling services, telephone and web lead services.

~~4.10 Payments.~~ Payments for Royalty Fees, Marketing Contributions, Technology Fees, and any other fees owed to Franchisor will be due no later than the 10th of the month for the preceding Reporting Period and will be paid by debiting Franchisee's bank account through electronic funds transfer ("EFT"). Additionally, Franchisee authorizes Franchisor to charge ANY AND ALL fees due, including Meeting Registration Fees, to any credit card submitted and retained on file by Franchisor. Franchisee shall execute whatever authorization forms Franchisor may require from time to time to permit Franchisor to make required payments by electronic transfer of funds or debit of Franchisee's account or to charge a credit card. Franchisee is responsible for updating such information as necessary (e.g. expiration dates, preferred credit card), and at Franchisor's request from time to time.

~~4.10.1~~ Without limiting any other right that Franchisor may have upon Franchisee's default, including the right to terminate this Agreement, Franchisee agrees to pay Franchisor for or all delinquent payments, delays or non-compliance in reporting, failure to provide accurate records, failure to use the required accounting software, and failure to provide Franchisor access to the records Franchisee shall pay a fee of Ten Dollars (\$10.00) per day for each day the reporting remains delinquent.

~~4.10.2~~ Without limiting any other right that Franchisor may have upon Franchisee's default, including the right to terminate this Agreement, Franchisee shall pay interest of 18% (compounded daily) per year, or the maximum amount permitted by law, retroactive to the first day the payment on any amounts owed to Franchisor that are paid after the due date. To the extent Franchisee fails to submit reports when due, in addition to Late Fees, Franchisor may calculate amounts due based on Franchisee's average monthly Gross Revenue as determined by Franchisor for the preceding eighteen (18) month period as provided in Section 12.10 herein. The provisions in this paragraph shall not constitute a waiver by Franchisor of any other remedies available to it for Franchisee's failure to make timely payments. If there are insufficient funds in Franchisee's bank account from which to pay the fee when due, a credit card is rejected, or for any reason Franchisor does not receive its fees by the due date, Franchisee shall be responsible for a \$50 insufficient funds fee.

~~4.10.3~~ Franchisee shall not delay, withhold or set off any payments or contributions due under this Agreement against any monetary or other claim Franchisee may have against Franchisor for any reason whatsoever.

~~4.10.4~~ Any and all amounts identified as payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by Franchisee to Franchisor shall include an amount equal to any taxes mandated by law including, but not limited, sales taxes, excise taxes, use taxes, withholding taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, regardless of whether such law imposes the obligation to pay such taxes on Franchisor or Franchisee.

~~4.10.5~~ Any time Franchisee is more than seven (7) days late paying the Royalty Fee or Marketing Contribution, submitting any required reports, or paying any invoice for goods or

~~services that Franchisee buys from Franchisor or its affiliates, Franchisor has the unrestricted right to suspend any support, products or services that Franchisor provides Franchisee until the delinquent payment is brought current. Franchisee agrees that the suspension of support, products or services while Franchisee is more than seven (7) days delinquent shall not be a breach of this Agreement. Franchisee understands that, despite Franchisor's right to charge interest and late fees and suspend support and services, Franchisor is not required to permit or tolerate any late payments or reports, and reserves the right, any time, under any circumstances, and in its sole discretion, to notify Franchisee of default and to terminate this Agreement pursuant to Section 10.~~

~~(1) Franchisee understands that if Franchisor accepts one or more late payments from Franchisee or other franchisees, it does not mean Franchisor will tolerate any additional late payments from Franchisee or other franchisees in the future, and Franchisor does not under any circumstances waive any of its rights, including the right to declare a default and terminate the Agreement. Franchisor reserves the right to address each delinquent payment differently as Franchisor believes is in its best business interest, including different treatment of different franchisees. Any payments made on delinquent accounts may be applied by Franchisor as it deems appropriate regardless of Franchisee's direction to apply a particular payment to a particular obligation.~~

~~(2) Franchisor reserves the right to collect all or a portion of Franchisee's past due Royalty Fees, Marketing Contributions, and all other fees (including interest/late fees) by adding such amount to the monies due for Franchisee's purchases of products from Franchisor and/or its affiliates or Required or Approved Suppliers. All monies collected by Franchisor's affiliates and Required or Approved Suppliers that are allocated to Franchisee's past due Royalty Fees and Marketing Contributions shall be remitted to Franchisor directly on Franchisee's account.~~

5-REPORTING AND RECORD-KEEPING.

~~**5.1 Reports.** Franchisee shall submit to Franchisor, at the time each monthly payment of the Royalty Fee and Marketing Contribution are due, a true, accurate and complete statement/report of Gross Revenue (as defined in Section 1) in a format specified, approved or provided by Franchisor as identified in the Manuals or otherwise in writing. To the extent Franchisee fails to submit reports when due, in addition to late fees, Franchisor may calculate amounts due based on Franchisee's average monthly Gross Revenue as determined by Franchisor for the preceding eighteen (18) months (or shorter period if Franchisee's Term has been shorter). The provisions in this paragraph shall not constitute a waiver by Franchisor of any other remedies available to it for Franchisee's failure to make timely payments.~~

~~**5.2 Records.** Franchisee shall maintain full, complete, and accurate books and records for the Franchised Business. The books and records shall clearly and accurately show Gross Revenue as defined herein. Franchisee must keep all books and records and submit reports as Franchisor periodically requires, including but not limited to a profit plan, balance sheet and statement of profit and loss, statement of cash flows, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and tax returns, payroll records, cash disbursement journals and general ledgers ("**Financial Records**"), all of which accurately reflect the operations and condition of Franchised Business and accurately maintained at least quarterly. Franchisee must certify all records and reports to be true and correct. Franchisee must compile, keep, and submit to Franchisor the books, records, and reports according to reporting formats, bookkeeping, and accounting methodologies and time schedules that Franchisor establishes from time to time in the Manuals or otherwise in writing. Franchisee also must preserve and retain the books, records, and reports for not less than 36 months.~~

~~5.3 Accounting Software.~~ Franchisee shall be required to purchase and utilize accounting software as determined by Franchisor (currently QuickBooks Online). Franchisee's Financial Records for the Franchised Business as contained in this software database or elsewhere will be fully accessible by Franchisor; Franchisee agrees to provide necessary consent as may be required.

~~5.4 Inspection of Records.~~ Franchisee must allow Franchisor, or its duly authorized representative, electronic and manual access to inspect and verify any and all Financial Records relating to the Franchised Business. If Financial Records indicate that there has been any underpayment of Royalty Fees, Marketing Contributions or any other fees based on Gross Revenue as finally adjusted and reconciled, Franchisee shall pay to Franchisor, at the time of submitting such statement, the amount of any such underpayment plus all late fees as authorized by this Agreement. Payment and acceptance of such amounts shall not waive or prejudice any right of Franchisor to exercise any other remedy of this Agreement, including termination in accordance with Section 10 of this Agreement. Any over payment shall be credited to Franchisee's account.

~~5.5 Audit of Records.~~ Franchisor shall be entitled at any time to have Franchisee's books and records examined or audited at Franchisor's expense and Franchisee shall cooperate fully with the parties making such examination or audit on behalf of Franchisor. Franchisee shall promptly pay to Franchisor or Franchisor shall credit to Franchisee's account, as the case may be, any under or overpayment of fees revealed by the examination or audit.

~~5.5.1~~ If an inspection, examination or audit is performed due to Franchisee's failure to submit statements of Gross Revenue or to maintain books and records as prescribed herein, or in the event that the Gross Revenue reported by Franchisee for any period of twelve (12) consecutive months are more than three percent (3%) below the actual Gross Revenue of Franchisee for such period as determined by any such examination or audit, or in the event the examination or audit reveals one or more violations by Franchisee of any territory boundary restriction, then in addition to any other remedies Franchisor may have available at law or in equity, Franchisee shall within fifteen (15) days following notice, pay to Franchisor the full cost of such examination or audit (including, without limitation, professional fees, travel and room and board expenses ("Audit Expenses")) as well as all additional amounts of fees and late charges shown to be due. Further, Franchisor shall have the right to conduct further periodic audits and evaluations of Franchisee's books and records as it deems reasonably deem necessary for up to 3 years thereafter and any further audits and evaluations will require Franchisee solely be responsible for all Audit Costs directly related thereto. Payment and acceptance of such amounts shall not waive or prejudice any right of Franchisor to exercise any other remedy of this Agreement, including termination in accordance with Section 10 of this Agreement.

6 FRANCHISOR'S OBLIGATIONS

6.1 Training

4.3. 6.1.1 Prior to Commencement Opening of Franchised Business.

We will provide you our System Standards for the service vehicle, service tools and equipment and other equipment and supplies necessary to establish and operate a PatchMaster Business. No later than the Business Start Date identified on the Summary Page, you must have: (a) obtained and provided us copies of all certifications, permits and licenses required to operate your Franchised Business, including those specified as mandatory in the Confidential Operations Manual; (b) established a Franchised Business Office with all required office equipment and broadband or high-speed internet service; (c) acquired a service vehicle meeting our System Standards, and have it wrapped and lettered it in accordance with our System Standards; (d) acquired the service tools, equipment, and initial inventory required for the operation of your Franchised Business; (e) furnished us with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as we may request; (f) hired and

trained the personnel necessary or required for the operation of your Franchised Business; (g) completed the Training Program to our satisfaction; and (h) paid in full all amounts due to us. You may not commence operations until you have met all of the conditions above and our System Standards, and you receive notice from us that you are authorized to open.

5. INTELLECTUAL PROPERTY

~~(1) **Initial Training Program.** Franchisor shall provide Franchisee (and its Owners and/or representatives) the Initial Training Program at no charge for the life of the franchise provided i) Franchisee is in good standing under the Franchise Agreement by being current in the payment of all fees and is otherwise fully compliant with your contractual obligations and requirements/specifications as identified in the Manuals; and ii) Franchisor approves of the training candidate(s). All training will remain subject to Franchisor's reasonable limitations on scheduling and resources, including that Franchisee may not invite more than 3 individuals to any such training at one time without Franchisor's approval, and including that Franchisor reserves the right to offer any or all training by virtual means. The Initial Training Program shall occur at the time designated by Franchisor at Franchisor's principal offices in or at such other location as Franchisor shall designate and/or by webinar or other online training method. This initial training program will cover operations, marketing, financial reporting requirements, equipment, brand requirements and standards, and Products and Service offerings ("**Initial Training Program**").~~

~~(2) **Successful Completion of Training.** The grant of the Franchised Business herein is conditioned upon successful completion of the Initial Training Program training by Franchisee or its Owner within at least 30 days before commencing operation of the Franchised Business. If during the course of the Initial Training Program or within fifteen (15) days thereafter Franchisor concludes that Franchisee has not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to operate the Franchised Business in accordance with the standards and procedures of the System and as a Franchisee of Franchisor, Franchisor may, in its sole discretion and judgment, terminate this Agreement and all rights hereunder, where permitted by applicable law, by giving notice to Franchisee. Upon termination of this Agreement, Franchisee shall abide by Section 11 hereof. This includes, among other things, that Franchisee agrees to maintain strictly the confidentiality of all information received relating to the PatchMaster System and not to use in the operation of a Competitive Business (as defined in Section 11), any trade secrets, Confidential Information, copyrighted works or proprietary materials obtained from Franchisor in the course of the training program or otherwise.~~

~~**6.1.2 Additional Training.** Franchisor may provide, at its option, additional training programs for Franchisee and its Owners at locations designated by Franchisor and/or on-line, for an additional fee ("**Additional Training Fee**"). Under certain circumstances, including but not limited to, new Products and Service offerings being added to the System or Franchisee's unsatisfactory performance of its obligations, Franchisor may require Franchisee or its Owner to attend additional training courses from time to time and to pay Franchisor an Additional Training Fee.~~

~~**6.1.3 Training Expenses.** Franchisee shall be responsible for all expenses that Franchisee or its Owner or that any attendees incur in connection with the Initial Training~~

~~Program and any additional training programs, including, without limitation, travel, lodging, meals and other living expenses.~~

~~**6.2 Manuals.** Franchisor will loan to Franchisee during the Term of the franchise one copy of the Manuals for the Franchised Business or make available to Franchisee an electronic copy through an internet portal or otherwise. The Manuals contain mandatory and suggested specifications, standards and procedures prescribed from time to time by Franchisor for PatchMaster Businesses and information relative to other obligations of Franchisee hereunder. All specifications, standards, operating procedures and rules in the Manuals, or otherwise communicated to Franchisee in writing, shall constitute obligations under this Agreement as if fully set forth in this Agreement.~~

~~**6.2.1** Franchisee shall keep confidential the contents of the Manuals both during the Term of this Agreement and subsequent to its transfer, expiration or termination. Franchisee shall prevent unauthorized use or disclosure of the Manuals and all Confidential Information.~~

~~**6.2.2** Franchisor shall have the right from time to time to add to, and otherwise modify, the Manuals to reflect changes in authorized Products and Services, the System, and specifications, standards and operating procedures of a PatchMaster Business and certain fees associated therewith. All modifications to the Manuals shall be binding upon Franchisee upon being mailed, e-mailed, made available for download from Franchisor's website, or franchise internet/intranet portal, or otherwise delivered to Franchisee. Franchisee shall accept, implement and adopt any such modifications at Franchisee's own cost. Franchisee shall keep its copy of the Manuals current, and the master copy maintained by Franchisor at its principal office shall be controlling in the event of a dispute relative to the contents of the Manuals.~~

~~**6.2.3** The Manuals are, and shall remain, the sole property of Franchisor. Franchisee shall promptly return the Manuals to Franchisor upon termination or expiration of this Agreement. If Franchisee loses, misplaces, or otherwise no longer has possession of the Manuals, Franchisee shall be required to compensate Franchisor for its loss.~~

~~**6.3 Ongoing Franchisor Support.** Provided that Franchisee is in good standing under this Agreement, is current in payment of all fees and is in compliance with all of Franchisor's other contractual obligations, Franchisor shall provide the following continuing services for the benefit of Franchisee during the Term:~~

~~**6.3.1 Promotion.** Administering the Marketing Fund as described in Section 4.3 of this Agreement. Make available from time to time marketing and sales promotion materials for purchase from third party vendors.~~

~~**6.3.2 Telephone Numbers.** Franchisor will assign to Franchisee a national telephone number. Franchisee must advertise this number exclusively for the Franchised Business. Franchisor will also provide Franchisee a mobile telephone number that Franchisee is to use exclusively for the Franchised Business. Franchisee authorizes Franchisor to contact Franchisee by text message. Message and data rates may apply.~~

~~**6.3.3 Assistance.** Be available to provide reasonable assistance to Franchisee, subject to reasonable limitations on scheduling and resources, including that such assistance be during regular business hours of Monday – Friday from 9:00am to 5:00pm EST and excluding standard holidays, with respect to the operation and management of the Franchised Business, and including that such assistance may be by phone or virtual means. Franchisor reserves the right to~~

~~change support hours and/or close its office at its discretion due to holidays, inclement weather, force majeure, or other events or unforeseen circumstances.~~

~~**6.3.4 Other Support.** Provide, at the option of Franchisor, assistance and support through email, e newsletters, social media groups and/or intranet portal or other communication means. Any use of such support will be subject to Franchisee abiding by any applicable rules and guidelines. Franchisee also agrees that it will regularly review communications from Franchisor and will be deemed on notice of all information contained therein. Any software made available to Franchisee or support made available for such software by Franchisor or any third party is done so at Franchisor's option and as an accommodation to Franchisee and shall not be deemed an obligation of Franchisor. Franchisor makes no representation, warranty or guaranty as to the reliability, timeliness, quality, suitability or particular functionality of any software system, except if otherwise agreed in writing by Franchisor and Franchisee in a written software agreement.~~

~~**6.3.5 Meeting/Conference.** Franchisor, at its option, may hold an annual conference and/or regional meetings for the benefit of its franchisees and the building the integrity and goodwill associated with the PatchMaster Brand. Such meetings/conference may contain information and training to addresses marketing, operations and/or technical issues. If such meetings/conference is held, Franchisee is required to attend and pay the related Meeting Registration Fee as identified in Section 7.3.9.~~

~~**6.3.6 Necessary Limitations of Services.** All services and information provided by Franchisor for the benefit of Franchisee, including but not limited to, marketing and operational advice, suggestions or recommendations are to be used by Franchisee at its own risk. Because any advice, suggestion or recommendation rendered is necessarily limited in scope to the extent that it may not consider local custom, practice, law or other nuance, Franchisor is unable to make any warranty or representation, either express or implied, with respect to the accuracy, reliability or completeness of the information provided or the result of the use of the information provided. Franchisee shall use its own judgment and as necessary rely on the advice of applicable professionals (e.g. accounting, legal, etcetera).~~

~~**6.3.7 Force Majeure.** Franchisor will not be liable for loss or damage, or deemed in breach of this Agreement, if its failure to perform its obligations results from any of the following cause:~~

- ~~a. telecommunications and utilities interruptions (including loss of Internet and electrical service), computer malfunctions (including malfunctioning computer hardware and software and peripherals), extreme weather and climatic conditions (including hurricanes, cyclones, and flooding), transportation shortages or inadequate supply of equipment, merchandise, labor, material, or energy;~~
- ~~b. war, acts of terrorism, strikes, riots, acts of God, such as natural disasters including hurricane, flooding, storms, explosions, infestations, epidemic or pandemic (specifically including COVID-19 or any similar or future related health issue)~~
- ~~c. any cause beyond its control.~~

~~Any onsite services or delay in performance resulting from any of said causes extends the time for performance accordingly or excuses performance, in whole or in part, as may be reasonable. Without limiting the generality of the foregoing, Franchisee acknowledge that services involving, or depending upon, computers or the internet may be unreliable and that service interruptions thus will occur even in the exercise of the greatest care. Accordingly, the Parties disclaim any~~

~~representations, warranties, and covenants express or implied that the services it is obligated to perform that involve, or depend upon, using computers, software, or the Internet will be provided free from interruption or malfunction.~~

~~**7. FRANCHISEE OBLIGATIONS.** In the interest of maintaining the integrity, force, quality, image, and goodwill associated with the Marks of Franchisor, Franchisee agrees to the following:~~

~~**7.1 Required Training.** Franchisee and any manager must attend the Initial Training Program and complete it to Franchisor's satisfaction prior to commencing the operations of the Franchised Business or managing the operations of the Franchised Business, as the case may be.~~

5.1. Ownership

~~**7.2 Promotion of the PatchMaster Business.** Franchisee agrees to conduct business during all normal business hours, as designated in the Manuals, during the Term of this Agreement and to promote at all times the sale of the Products and Services available through the Franchised Business, as prescribed in the Manuals, using its best efforts to develop and enlarge Franchisee's market for such Products and Services.~~

We and our affiliates are the sole and exclusive owners of the Marks and the System. Your use of the Marks and the System, and any goodwill created thereby, will inure to the benefit of us and our affiliates. You will not at any time acquire an ownership interest in the Marks or the System by virtue of any use and/or by virtue of this Agreement. You may not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or the System, or assist any other person in contesting the validity or ownership of any of the Marks or the System. Any unauthorized use of the Marks or the System by you or your Owners or affiliates is a breach of this Agreement and an infringement on the intellectual property rights of us and our affiliates. All provisions of this Agreement relating to the Marks and the System apply to any changes and/or additions to the Marks or the System that we authorize from time to time.

5.2. Images of You and Your Business

~~**7.2.1** Franchisee may in its own right and at its own expense advertise and promote the Franchised Business, provided that all such advertising and promotional materials, including, but not limited to, any print, radio, television, electronic, social site naming, directory listings, print or online citations or listings, or other media forms that may become available in the future shall ("**Local Marketing Collateral**"), prior to use or publication, be submitted to and approved in writing by Franchisor in the interest of maintaining the integrity, force, quality, image, and goodwill associated with the Marks of Franchisor. If Franchisor does not respond within 14 days after submission of the proposed Local Marketing Collateral, it will be deemed not approved. Franchisor will not unreasonably withhold approval of any Local Marketing Collateral; provided the materials are current, in good condition, in good taste and accurately depict the Marks and the Products and Services. Notwithstanding Franchisor's approval of any Local Marketing Collateral, Franchisee is solely responsible for all content of any Local Marketing Collateral and shall fully indemnify Franchisor for same.~~

~~**7.2.2** Franchisee is responsible for ensuring that all directory listings and advertisements are associated with Franchisee's Licensed Service Area. For paid directory listings and advertisements, Franchisee, with Franchisor approval, must designate one (1) town within the Franchisee's Licensed Service Area, as an identifier that must also be used on all advertising and promotional materials (i.e. "Town name and surrounding areas"). If Franchisee operates in non-~~

~~contiguous LSAs, then Franchisee must designate one town within *each* LSA as an identifier for each LSA.~~

~~7.2.3 All Local Marketing Collateral prepared by Franchisee shall be completely accurate and truthful, shall conform to all applicable laws and regulations relating to consumer advertising, and shall give notice that the Franchised Business is an independently owned and operated franchise. Franchisee shall indemnify and hold Franchisor harmless for Franchisee's violation of this paragraph and the consequences of Franchisee's use of any Local Marketing Collateral. Because any Local Marketing Collateral prepared, developed or used by Franchisee in connection with the Franchised Business (whether or not approved by Franchisor as required) will contain the Marks, such Local Marketing Collateral shall become Franchisor's sole and exclusive property.~~

~~7.2.4 Franchisor reserves the right to require Franchisee to purchase certain promotional and lead-generation products and services, including telephone and web lead services, from Franchisor or Approved Suppliers.~~

~~7.2.5 Franchisor reserves the right to require Franchisee spend a minimum amount on local advertising and promotion of the Franchised Business. If Franchisor imposes such a requirement, Franchisor may also establish standards for what types of expenditures will count towards the minimum requirement. Costs that Franchisee incurs for customer facing graphics and signage (such as vehicle wraps) and Franchisee's overhead (such as personnel costs) will not count towards the minimum advertising requirement. Franchisor may periodically modify the amount of the minimum advertising expenditures requirement, with notice to Franchisee.~~

~~7.3 Management Responsibility and Business Conduct.~~

~~7.3.1 Devote Full Time to Franchised Business. At all times during the Term of this Agreement, Franchisee shall devote full time and effort to the active management and operation of the Franchised Business, shall be responsible for the management and operation thereof, and shall act in the best interests of the Franchised Business. Franchisee may employ a full-time manager for the Franchised Business only if Franchisee obtains Franchisor's prior written consent, which consent may be withheld at Franchisor's discretion; provided, however, Franchisee shall remain active in overseeing the operations of the Franchised Business conducted under the supervision of the manager. Any manager employed by Franchisee must attend and satisfactorily complete the Initial Training Program and sign a confidentiality agreement with Franchisee in a form acceptable to Franchisor which includes restrictive covenants for the protection of Franchisee, Franchisor and the franchise system.~~

~~7.3.2 Franchisee's Direct Participation. Franchisee understands, acknowledges and agrees that the business results, and the financial returns and profits, if any, expected or realized from the investment in, and the operation of, the Franchised Business, depend principally and substantially on Franchisee's direct, personal and active continuous participation in the management, administration and operation of the Franchised Business.~~

~~7.3.3 System Standards. In recognition of, and protection of, the integrity of the PatchMaster brand and the goodwill associated with the Marks and Franchised Business, Franchisee agrees to adhere to all System Standards.~~

~~7.3.4 Standards of Conduct. In all dealings with customers, the public, competitors, other franchisees and Franchisor, Franchisee will at all times give efficient and courteous service, adhere to high standards of business ethics, honesty, integrity and fair dealing, and ethical conduct and do nothing that would tend to discredit or in any manner damage the reputation and goodwill of Franchisor, the brand, Franchisee, or other PatchMaster franchisees. Further,~~

Franchisee shall not associate the Marks, the brand, Franchisor or the Franchised Business with any political ideologies, religious or social philosophies and/or positions.

~~7.3.5 System Changes.~~ Franchisor may, from time to time, upon notice to Franchisee, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, adoption of new or modified Marks, services, or new techniques relating to the promotion and marketing of the Franchised Business. Franchisee shall promptly accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense. This obligation includes from time to time as Franchisor requires for Franchisee to effectuate items of modernization or refurbishment of the Franchised Business to conform to the standards for similarly situated new PatchMaster franchisees. Each and every transfer of any interest in this Agreement or Franchisee's business governed by Section 9.2 or any Renewal Agreement covered by Section 3.2 is expressly conditioned upon Franchisee's compliance with these modernization or refurbishment requirements at the time of transfer or renewal. Franchisee acknowledges and agrees that the requirements of this section are both reasonable and necessary to ensure continued public acceptance and patronage of the PatchMaster Business.

~~7.3.6 Timely Payments.~~ Franchisee shall make all payments and reports, and pay all debts, when due.

~~7.3.7 Notice of Franchise Relationship.~~ Franchisee shall at all times provide notice of the franchise relationship. Franchisee shall hold itself out to the public as an independent business owner operating the business pursuant to a licensed franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to clearly disclose the franchise relationship, including without limitation, exhibiting a notice of the fact on all signs, forms, stationery, contracts, advertising and promotional materials, and other written materials, the content of which Franchisor has the right to specify. As described in Section 8.4.2 herein, Franchisee's Firm Name, and not the name of Franchisor (PatchMaster Franchise, LLC or any derivative thereof) must be used on all marketing and promotional materials and contracts.

~~7.3.8 Compliance with Applicable Law.~~ Franchisee shall conduct its business in accordance with all federal, state, local or other governmental laws, statutes, ordinances, regulations or rules applicable to the Franchised Business, whether now in force or hereinafter enacted. This shall include without limitation all laws and regulations relating to occupational hazards and health, home improvement/contractor licensing, PCI Data Security Standards, consumer protection, discrimination, employment and employee benefits, sexual harassment, worker's compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, and payment of sales, use, excise, property or other taxes relating to the Franchised Business and to make all contributions that may be required or demanded under, or by virtue of, such legislation, rules or regulations. Franchisee is required to comply with any local, state or federal guidelines regarding safety protocols including, but not limited to, those issued by the Center of Disease Control and Prevention as may pertain to pandemic or epidemic protocols. Franchisee must also comply with all manufacturer required certifications/training for specific equipment or supplies.

(1) Franchisee, at its own expense, shall obtain and maintain all permits, certificates, and licenses required to engage in the Franchised Business. Franchisee, at its own expense, shall have all written materials used in the operation of the Franchised Business, including but not limited to marketing and advertising materials, forms and contracts, reviewed by an attorney to ensure compliance with all applicable state and local laws and regulations prior to the use of each such item.

(2) To the extent that Franchisee has access to or stores Personally Identifiable Information (as defined below) of its customers, Franchisee acknowledges that it shall hold such information in the strictest of confidence, and protect such information in accordance with the confidentiality provisions set forth in this Agreement, then current

~~industry standards applicable to such information (including but not limited to the Payment Card Industry (PCI) Data Security Standard as published by the PCI Security Standards Council) and all applicable laws and/or regulations. In addition, Franchisee shall not disclose Personally Identifiable Information without the individual's prior written consent. In the event that the individual so consents, Franchisee may disclose such Personally Identifiable Information only to the extent expressly permitted by such individual and then only in accordance with the terms of this Agreement, such consents, and applicable law. As used in this Section, "**Personally Identifiable Information**" means personal information that collectively enables the person to be identified, including without limitation, names, phone numbers, mailing addresses, credit card information, social security numbers, financial information, and login credentials (including without limitation usernames and passwords to any website, applications and/or systems).~~

~~(3) Franchisor shall have no liability for any sales, use, excise, property or other taxes of Franchisee or the Franchised Business or for Franchisee's non-compliance with any applicable law or regulation. Franchisee shall indemnify and hold Franchisor harmless for Franchisee's failure to comply with this Section 7.3.8.~~

~~**7.3.9 Annual/Regional Meeting Attendance.** Franchisee or at least one manager of Franchisee's staff shall, in every instance during the Term of this Agreement, attend Franchisor's annual/regional meeting if Franchisor holds such a meeting. The registration fee for the annual meeting shall be fixed by Franchisor at an amount not to exceed One Thousand Dollars (\$1,000.00) ("**Meeting Registration Fee**"), which amount may be adjusted annually to reflect increases in the national consumer price index.~~

~~(1) The Meeting Registration Fee shall be payable to Franchisor by Franchisee whether or not Franchisee or a manager attends the annual meeting. We reserve the right to charge the Meeting Registration Fee via monthly or other period payment or installments that are automatically paid or withdrawn from your account with other monthly or periodic fees.~~

~~(2) This provision shall not obligate Franchisor to hold an annual meeting of franchisees each year. If no conference or regional meeting is held, Franchisee shall not be obligated to pay the Meeting Registration Fee. This clause shall not be waived. If Franchisee fails to attend less than half of the annual/regional meetings held during the Term of this Agreement, Franchisor has the right to require Franchisee to attend training, in addition to any other rights and remedies available to Franchisor for Franchisee's breach of this provision.~~

~~**7.3.10 Telephone.** Throughout the term of this Agreement, Franchisee must use the national toll free telephone number provided by Franchisor exclusively for advertising the Franchised Business. Franchisee shall provide for live answering of the telephone number for the Franchised Business in the manner set forth in the PatchMaster Manuals. Franchisee is required to use an approved call center or qualified office staff to live answer phones effective from Franchisee's Business Effective Date. Franchisee is obligated to ensure that any online or printed directories associate the telephone number with Franchisee's LSA only.~~

~~**7.3.11 Approved Supplies and Suppliers; Rebates.** Franchisee shall in the operation of the Franchised Business use only such products, equipment, software, computers, stationery, advertising and promotional materials, reports and forms that meet Franchisor's standards and specifications and use the Marks and colors as prescribed from time to time by Franchisor. All materials used must disclose the franchise relationship. Franchisee shall purchase all approved or required supplies and all online and social media marketing or anywhere else that uses our Marks from any producer, manufacturer, distributor, supplier or service designated as mandatory for use by Franchisor, which may include Franchisor or an affiliate ("**Required Supplier**") or, as~~

~~applicable, any producers, manufacturers, distributors, suppliers or service providers who have been approved by Franchisor (“Approved Supplier”). Franchisor reserves the right to receive rebates from any Required Supplier and any Approved Supplier. Additionally, Franchisor may occasionally pay any of the Approved Suppliers or Required Suppliers on Franchisee’s behalf, and Franchisee must reimburse Franchisor for such amounts.~~

~~**7.3.12 Business Vehicle.** Franchisee’s business vehicle(s) must have approved signage or be wrapped in the manner that Franchisor designates. The vehicle wrap and signs must be purchased from an approved supplier of Franchisor unless Franchisor issues specifications and standards for the required vehicle wrap and/or signs which may be met by other suppliers. Franchisee must maintain the vehicle(s) and wrap or signage in good repair and condition and in a neat and clean condition throughout the term of this Agreement and must expeditiously repair any damage or condition of disrepair.~~

~~(1) Franchisor requires Franchisee to obtain through purchase or lease a vehicle for use in the operation of the Franchised Business that meets Franchisor’s current specifications and standards. All vehicles used in the Franchised Business must be purchased from a supplier previously approved by Franchisor unless Franchisee proposes another supplier and Franchisor approves such supplier in writing prior to the lease or purchase. Franchisee shall submit to Franchisor all information reasonably requested by Franchisor concerning the proposed supplier, the vehicles and the terms of lease or purchase. In the event Franchisee receives a notice of default or termination under any lease or purchase agreement for the required vehicle or any Franchised Business vehicle is repossessed, Franchisee shall promptly notify Franchisor and provide Franchisor a copy of the notice. If any Franchise Business vehicle is repossessed or damaged beyond repair, Franchisee must obtain a replacement vehicle within thirty (30) days of repossession of the date the vehicle was no longer operational.~~

~~(2) Franchisee shall ensure that, at all times, any vehicles used for the Franchised Business are properly insured, according to Franchisor’s standards and/or as mandated by applicable laws and regulations, and Franchisee shall promptly obtain all required licenses and registrations and pay all license and use charges and taxes assessed on or pertaining to Franchisee’s vehicle(s), and shall hold Franchisor harmless from Franchisee’s failure to comply with such requirements. Franchisee shall schedule regular maintenance of its vehicles as recommended by the manufacturer and repairing all malfunctions and damage to the body promptly. Under no circumstances shall Franchisee allow a vehicle to come into the possession of anyone who is not a PATCHMASTER franchisee without first removing all the Marks. Franchisee shall hire and use only safe and courteous drivers of its vehicles. Franchisee shall make all documentation regarding the vehicle(s) available to Franchisor upon request.~~

~~**7.3.13 Computer and Office Equipment.** Franchisee shall acquire and use in the operation of the Franchised Business such computer hardware and software as may be required by Franchisor. Franchisee shall either own, purchase or have access to a laptop or desktop computer system loaded with certain commercially available software. The computer system shall be equipped with Ethernet and USB ports and have an active e-mail account and high-speed access to the Internet. Franchisee agrees to regularly monitor said account. Franchisee shall maintain and repair the computer and all equipment and obtain any upgrades or updates Franchisor requires with respect to such equipment. Franchisee shall be required to purchase or lease certain proprietary software from Franchisor or a third party designated by Franchisor, to enter into a software license agreement with Franchisor or such third party, and to purchase ongoing support services for the proprietary software from Franchisor or a third party designated by Franchisor. Currently, required software from Required Suppliers include accounting and customer relationship management software. Franchisor reserves the right to expand required~~

~~software and to access all information and data in connection with the Franchised Business produced by Franchisee's computer system. Upon termination or expiration of the Agreement, all such data remains the property of Franchisor.~~

~~**7.3.14 Maintenance of Contacts Database.** Franchisee shall at all times and exclusively use contact management software as provided by Franchisor for the Franchised Business. Franchisor reserves the right to require Franchisee to purchase such software from a third party. In this event, Franchisee must maintain a current database of information on all customers, marketing contacts and other contacts on the computer system for the Franchised Business. Said database whether provided by Franchisor or a third party shall be the sole property of Franchisor.~~

~~**7.3.15 Inspection of Franchised Business.** To determine whether Franchisee and the Franchised Business are in compliance with this Agreement, the Manuals, and any required specifications or procedures, Franchisor and its representatives shall have the right at all times and without prior notice to Franchisee to inspect Franchisee's business operations, which shall include the right to enter the office of the Franchised Business, to accompany Franchisee on providing its service, or to otherwise observe Franchisee's operation or promotion of the Franchised Business. If the office of the Franchised Business is located in Franchisee's residence, Franchisor will provide notice prior to entering and inspecting the office. Franchisor and its representatives will have the right to interview Franchisee, Franchisee's employees and subcontractors, marketing contacts and customers pertaining to matters of compliance with this Agreement and to photograph, videotape or audiotape any such interviews and/or observation of the operation of the Franchised Business with or without Franchisee's knowledge and without prior notice to Franchisee. Franchisee hereby consents to Franchisor's use of any such audio or video recording for training, marketing or any other purpose. Franchisee shall fully cooperate with Franchisor and its representatives in all respects in connection with conducting, supervising or observing any such inspection and audit provided that Franchisor's exercise of these rights will not unreasonably interfere with Franchisee's conduct of the Franchised Business. In the event that Franchisor incurs fees and costs to hire a third party representative to inspect or observe Franchisee's operations or promotion of the Franchised Business, and said third party representative provides information to Franchisor evidencing Franchisee's violation of this Agreement, Franchisee shall reimburse Franchisor for such fees and costs upon demand.~~

~~**7.3.16 Products and Services.** Franchisee must offer and sell only those Products and Services Franchisor has specified or approved. Franchisee must offer the approved Products and Services in the manner Franchisor requires and in accordance with System Standards. Franchisee may not offer any Products and Services that are not approved by Franchisor without first obtaining Franchisor's prior written consent. Franchisee may not offer any Products and Services through alternative channels of distribution without Franchisor's prior written approval. Franchisor has the right without limitation to change and add to the types of Products and Services offered through the Franchised Business. Some changes may require Franchisee to purchase new equipment or supplies or incur other costs. Franchisee agrees to immediately cease offering discontinued Products and Services upon notice.~~

~~**7.4 Insurance for Franchised Business.**~~

~~**7.4.1** Franchisee shall obtain and at all times during the term of this Agreement maintain in force and pay the premiums for the types and coverages amount of insurance as identified in the Manuals, which will include, but not be limited to:~~

~~(1) Commercial General Liability insurance with:~~

- ~~a) bodily injury and property coverage written on an "occurrence" policy form in an amount of at least \$1,000,000 single limit per occurrence~~
- ~~b) medical expense for any one person of at least \$5,000~~
- ~~c) products and complete operations aggregate of \$2,000,000~~

- d) personal and advertising injury in the amount of at least \$1,000,000
 - e) fire damage in the amount of at least \$300,000
 - f) aggregate policy limit in the amount of at least \$2,000,000
- (2) ~~Automobile Insurance for any owned, leased, non-owned and hired automobile coverage in an amount of not less than \$1,000,000 with \$500 deductibles for both the collision and comprehensive deductible~~
- (3) ~~If Franchisee uses any employees or independent contractors to perform the Services of the Franchised Business, Franchisee must have:~~
- a) ~~Workers' Compensation insurance as required by state law; and~~
 - b) ~~Employer Liability with coverage of not less than \$1,000,000 per accident and \$1,000,000 policy limit in the aggregate~~
- (4) ~~If Franchisee owns office or warehouse space, Franchisee is encouraged to have Property Insurance for the building, business/personal property and the property of others in the replacement amount of the contents of the site.~~

~~7.4.2 All insurance policies shall be on forms, upon terms and with insurers reasonably satisfactory to Franchisor. All policies must be issued by an insurer(s) rated A- or better in Class X by Alfred M. Best and Company Inc., or comparably rated by Moody's and/or Standard and Poor's or similarly reliable rating services acceptable to us. Upon reasonable notice to Franchisee, Franchisor may reasonably increase the minimum liability protection requirement or decrease the maximum deductible or require different or additional limits or kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances.~~

~~7.4.3 All insurance policies shall in all instances be considered primary non-contributory coverage and expressly protect both Franchisee and Franchisor from liability and action. Franchisor must be named in all policies as a co-insured or an additional named insured. Franchisee shall furnish to Franchisor a certified copy of the certificate with respect to each such policy, which provides that such policy shall not be canceled or modified except upon thirty (30) days prior written notice to Franchisor. If Franchisee fails to obtain or maintain in force any insurance as provided herein or to furnish the certificates required hereunder, Franchisor may, in addition to other remedies it may have, maintain or obtain such insurance and/or certificates on Franchisee's behalf, and Franchisee shall promptly reimburse Franchisor for all premiums and other costs incurred thereby.~~

~~7.4.4 Franchisee must provide Franchisor copies of certificates of insurance coverage evidencing compliance with this Section before the Business Start Date and upon Franchisor's demand thereafter but no less than annually.~~

~~7.4.5 If Franchisee engages any independent contractors to perform other services for customers of the Franchised Business, such independent contractors must be covered by Franchisee's insurance or have in force at the time of performing such services insurance of the types and amounts of coverage as set forth in the Manuals for all services performed. Such insurance policy must name Franchisee and Franchisor as additional insureds under the policy. Franchisee shall obtain from each such independent contractor a certified copy of the certificate of insurance evidencing such coverage prior to the date the independent contractor performs any services for the Franchised Business.~~

~~7.4.6 Maintenance of any insurance required by this Agreement shall not relieve Franchisee of the indemnification obligation under this Agreement.~~

~~7.4.7 Franchisee waives all rights against Franchisor and any other additional insureds and their respective agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by commercial general liability, commercial excess/umbrella liability, business auto liability, workers compensation or employer's liability insurance, or professional liability insurance maintained pursuant to the requirements of this Section.~~

Franchisee and its independent contractors, if any, agree to procure waivers of subrogation from all of its insurers providing coverage under the requirements of this Section.

~~7.5 Liability and Indemnification for Franchised Business.~~ Franchisee alone shall be responsible for all loss or damage arising out of or relating to the operation of the Franchised Business or i) arising out of the acts or omissions of Franchisee or any of its employees, agents, servants or independent contractors in connection with services offered or rendered by Franchisee; ii) for all claims related to social media and internet usage and unauthorized marketing or advertising representations; and iii) for all claims for damage to property or for injury or death of any person or persons directly or indirectly resulting therefrom. Franchisor will in no event assume liability for, or be deemed liable hereunder, as a result of any such action, or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or judgment arising therefrom against Franchisee.

~~7.5.1~~ Franchisee agrees, for itself and its successors and assigns, to indemnify, defend and hold harmless forever, Franchisor, its successors and assigns, affiliates, subsidiaries, and their respective officers, directors, agents, employees and representatives (collectively, "**Indemnified Parties**"), past and present, against any and all claims, judgments, damages, suits, losses, penalties, fines, expenses, costs, settlements and liabilities, which shall include, but not limited to, compensation for damages to Franchisor's reputation and goodwill; reasonable attorneys' fees (whether such fees be incurred by outside counsel or a staff attorney); court costs; expert witness fees; costs of investigation and defense; related travel and living expenses; and all other costs associated with any of the foregoing losses and expenses ("**Indemnified Expense**") of any kind or nature that hereafter may be brought or instituted against any or all of them, or their successors and assigns, by or on behalf of anyone claiming rights or injury arising directly or indirectly from, as a result of, or in connection with the operation of the Franchised Business, including but not limited to all claims and matters identified as solely Franchisee's responsibility in Section 7.5 above, whether or not the cause of such Indemnified Expense was actually or allegedly caused wholly or in part through the negligence or intentional act or omission of the Indemnified Parties or resulted from any strict liability imposed on the Indemnified Parties. Franchisee shall give Franchisor prompt notice of any such indemnity event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, Franchisor shall have the option to control its own defense and to select counsel of its own choosing. Franchisor may, in its sole judgment, take such actions as it seems necessary and appropriate to investigate, defend, or settle any indemnity event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole judgment. Such an undertaking by Franchisor of any rights or obligations attended to indemnified claims or otherwise shall, in no manner or form, diminish the obligation of Franchisee to provide the foregoing indemnity of Franchisor and the foregoing parties and to hold Franchisor and the foregoing parties harmless. The indemnities and obligations set forth in this Agreement will continue in full force and effect subsequent to the transfer, expiration or termination of this Agreement.

~~7.5.2~~ Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, to incur any debt or other obligation in Franchisor's name.

~~7.5.3~~ If Franchisee does not resolve a customer service complaint or refuses to refund a customer his/her fee and the customer contacts Franchisor, and if Franchisor believes there is a reasonable basis for the complaint, Franchisor may issue a refund of fees paid by the customer. Franchisee agrees to reimburse Franchisor for the refund paid upon demand.

~~7.5.4~~ Except as provided above for indemnifiable claims, Franchisee shall be solely responsible for handling, managing and participating in the defense of all claims and/or lawsuits related in any way whatsoever to the Franchised Business, whether such claims arise during the term of this Agreement or after its termination or expiration. As it relates to any indemnifiable

~~claim, Franchisee and its agents, employees and independent contractors agree to fully cooperate with Franchisor and/or its insurer in any investigations or other efforts to defend the claims asserted.~~

~~8. PROPRIETARY INFORMATION.~~

~~**8.1 Confidentiality and Trade Secrets.** Franchisee hereby acknowledges that only Franchisor can franchise the proprietary rights associated with the PatchMaster Business and all parts thereof, and of all material and information divulged to Franchisee relating to the Franchised Business. Franchisee further acknowledges that the System and the PatchMaster Business, each part thereof and in its entirety, constitutes trade secrets, confidential and proprietary business information of Franchisor that are revealed to Franchisee in trust and in confidence solely for the purpose of enabling Franchisee to establish and operate the Franchised Business. Such trade secrets, confidential and proprietary business information include, but are not limited to, information concerning the Marks; knowledge of the System; concepts or results relating to the services; supplier and material lists; customer list and contact information and data; proprietary software; forms of agreement and actual agreements; contact or service provider information or data; training; Manuals and related materials and other aids; business and accounting procedures and processes; promotional and marketing guidebooks, and other aids, business forms and accounting procedures; and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, and information systems (collectively referred to as “Confidential Information”).~~

~~**8.1.1** Franchisee acknowledges that all data pertaining to the Franchised Business, including Confidential Information, Financial Records and data contained in any database whether prepared by Franchisee or Franchisor, including, but not limited to, any data contained in contact relationship management software, belongs to Franchisor.~~

~~**8.1.2** Franchisee shall maintain the absolute confidentiality of all Confidential Information during and after the Term and shall not use any of the Confidential Information in any other business or in any manner other than with the Franchised Business. Franchisee shall not make copies of such information or divulge such information to any other person except as permitted in writing by Franchisor. Franchisee shall require any other person who will have access to any Confidential Information to sign a confidentiality agreement in a form approved by Franchisor, which form, among other provisions, shall designate Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.~~

~~**8.2 Improvements to System.** As Franchisor develops, learns, or implements improvements to the System, it will so notify franchisees and authorize their use in the Franchised Business. In return and in consideration therefore, Franchisee agrees that any idea or suggested innovation or variation that may tend to enhance or improve the System and the PatchMaster Business including all writings and other original works of authorship regardless of form, including, but not limited to software programs, trademarks, copyrightable works, Internet Web page or any other document or information pertaining or relating to the Franchised Business that Franchisee discovers or otherwise becomes aware of during the Term shall be submitted to Franchisor for its evaluation for adoption and use. Franchisee agrees that all proprietary rights to such ideas, works, innovations or variations created or acquired by Franchisee or any of its employees, during the Term, shall be deemed by the parties to be works made for hire and shall belong to Franchisor. Franchisor may adopt such improvements without compensation to Franchisee, and such improvements shall thereupon become part of the System owned by Franchisor and be used by Franchisor without any restriction, which shall include being made available to other franchisees.~~

~~**8.3 Use of, and Noncompliance with, System.** Franchisee acknowledges the importance of the Confidential Information and System to the reputation and integrity of the franchise system and the goodwill associated with the Marks and the PATCHMASTER brand. In order to assure maximum uniformity of quality and service conducted by all franchisees, Franchisee agrees to follow the~~

procedures prescribed by the PATCHMASTER Method or as otherwise may be required in the Manuals. If Franchisor notifies Franchisee of a failure to comply with any of the standards or procedures that are required and Franchisee fails to correct the non-compliance within a period of time that Franchisor requires or Franchisee subsequently fails to comply with the same standard or procedure for which Franchisee received the notice, then, in addition to any other remedies to which Franchisor shall be entitled, Franchisor reserves the right to impose a fine for such non-compliance in the amount then specified in the Manuals. This provision shall solely be deemed a fine and not an adequate remedy at law.

8.4 Marks.

~~**8.4.1 Ownership of Marks and Goodwill.** Franchisee's right to use the Marks is limited to the operation of the Franchised Business in the Licensed Service Area subject to the terms and conditions of this Agreement and the Manuals. Franchisee shall not contest or oppose, or assist anyone else to contest or oppose, directly or indirectly, Franchisor's ownership of the Marks, application for registration of the Marks, or registration of, or the validity or enforceability of any of the Marks. Franchisee's use of the Marks and any goodwill associated with the Marks shall inure to the exclusive benefit of Franchisor.~~

~~**8.4.2 Franchisee's Corporate/Firm Name.** Franchisee shall operate, advertise, and promote the Franchised Business and its services under a name approved in writing by Franchisor ("Firm Name"), and shall designate in conjunction therewith that Franchisee is an independent PatchMaster franchisee. Franchisee shall not, however, use any of the Marks (including PATCHMASTER) or any other portion thereof or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business Entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, or with the commercial symbols or trade dress of any other person or Entity, nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall not use "Patch," "Master," or "PM" as part of Franchisee's business entity name. Franchisee shall, upon request of Franchisor at any time, immediately stop the use of any such name or word in its business entity name, and shall promptly take such steps as may be necessary or appropriate in the judgment of Franchisor to remove any such name or word from Franchisee's business entity name. Franchisee's Firm Name must be used on all marketing and promotional materials and contracts. Designations for "doing business as" (d/b/a) or "operating as" (o/a) shall not contain any geographic designation, such as "PatchMaster of New Jersey."~~

~~**8.4.3 Use of the Marks.** Franchisee's use of the Marks shall in every instance be accompanied by the registration symbol ® or the TM or SM symbol, or copyright symbol © placed in close proximity to the Marks as directed by Franchisor. In addition, any and all advertisements, brochures or other promotional materials bearing the Proprietary Marks shall contain one of the following statements: "PATCHMASTER® is a registered mark of PatchMaster Franchise, LLC." Or "PATCHMASTER® is a registered mark and is used under license by [Franchisee to insert business entity of Franchisee]." As indicated elsewhere in this Agreement, all such materials should also provide that each PATCHMASTER franchise is independently owned and operated. All use of the Marks must be in compliance with Franchisor's instructions and System Standards, which Franchisor may modify from time to time.~~

~~**8.4.4 Defense of Marks by Franchisor**~~

~~(1) If Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor. Franchisor may, but is not required to, defend,~~

~~compromise or settle any such claim at Franchisor's cost and expense, using attorneys of its own choosing. If Franchisor decides to defend, compromise or settle any such claim, Franchisee shall cooperate fully with Franchisor in connection with the defense of any such claim. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle all of such claims, demands, suits or proceedings as to these claims.~~

~~(2) If Franchisee receives notice or is informed or learns that any third party that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks. Franchisor shall have the sole authority and power to prosecute or settle such action. Franchisee shall render such assistance as Franchisor shall reasonably demand to carry out the prosecution of any such action including, but not limited to, becoming a nominal party to any legal action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.~~

~~**8.4.5 Substitution of Marks.** Franchisor may change, revise or substitute different Marks for use in identifying the System, if the Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. The use of the substituted Marks shall be governed by the terms of this Agreement and Franchisee shall implement such change at its sole cost and expense, and Franchisor shall not compensate Franchisee for such substitution. Franchisee must implement all modifications to the Marks in accordance with Franchisor's instructions, as they may be modified from time to time.~~

~~**8.5 Copyright.** Franchisor has developed, and may further develop during the Term, Manuals and certain artistic designs, and certain other documents or word combinations designated for use by Franchisee. Franchisor retains all right, title and interest thereto as provided by copyright law to the originator of works and Franchisee is licensed to use such copyrighted materials solely in accordance with the terms of this Agreement during the Term. If Franchisee develops or suggests a change or additional component of any copyrighted work, Franchisor may adopt such change or addition without compensation to Franchisee, and such change or addition shall thereupon become part of the System owned by Franchisor.~~

~~**8.6 Internet Usage.**~~

~~**8.6.1** Franchisee shall not register any of the Marks on the Internet or any other computer on-line service, which shall preclude using the Marks as a domain name or as an email address unless issued through Franchisor. Franchisee shall not either directly or indirectly create, develop, maintain, and/or use its own website, blog, vlog, social network, or other on-line venue or communication on the Internet using any of the Marks, or otherwise use any of the Marks on the Internet in any other manner including for search engine advertising purposes without the prior written consent of Franchisor or as may be explicitly identified in the Manuals, if applicable.~~

~~**8.6.2** Franchisor in its sole discretion shall establish all social networking accounts on behalf of Franchisee that use the Marks. Franchisee shall not under any circumstance use the Marks on any social networking website, including but not limited to Facebook, MySpace, LinkedIn, Twitter, Instagram, TikTok or any other similar media that exploits, utilizes, displays, or otherwise makes use of any of the Marks. For any accounts that Franchisor establishes on behalf of Franchisee, Franchisee has no right, title or interest to any webpage on any of Franchisee's social networking sites including, but not limited to, all "fans", "followers", "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Marks or other intellectual property. To the extent Franchisor finds any violation of this paragraph, Franchisee shall immediately take whatever steps are necessary to fully and completely cancel or dismantle any and all such social networking account or webpage or transfer~~

~~the account or webpage and all related information, including all “fans”, “followers”, “friends” and “contacts” associated with such accounts or webpages, to Franchisor.~~

~~8.6.3 During the Term, Franchisee’s use of the Marks or its identification of itself or its Owners with the PatchMaster Business on any personal social media forum shall not associate the Marks, the brand, Franchisor or the Franchised Business with any political ideologies, religious or social philosophies and/or positions. Nor shall Franchisee use any personal social media forum to discredit, disparage, or harm the reputation and goodwill of the Marks, other franchisees or the PATCHMASTER brand. Upon expiration, transfer or termination of this Agreement, Franchisee shall not be permitted to use the Marks or any other indicia of its former affiliation with the PATCHMASTER brand on any social media forum whatsoever.~~

~~8.6.4 As stated in Section 7.5, Franchisee is fully responsible for indemnifying Franchisor for any acts or omissions relating to Franchisee’s social media and internet usage.~~

~~8.7 Authorization and Release.~~ Franchisee and its You and your Owners authorize and grant to us, our affiliates, successors, and assigns worldwide rights in perpetuity ~~to Franchisor and its affiliates, successors and assigns,~~ to record your and your Owners’ words, statements ~~and,~~ opinions ~~as well as their,~~ likeness and image ~~on photographs, film and/or~~ including in photo and videotape media in connection with operation of your Franchised Business (the “Images”) to use and to license others to use the Images for any commercial and non-commercial purposes, including, ~~but not limited to,~~ publicity, marketing, advertising, training and/or sales purposes and in any manner of media whatsoever, which shall include, but not be limited to: (a) still photographs; (b) movie and sound films and video tapes; (c) ~~electronic broadcasts consisting of television programs and commercials;~~ (d) ~~internal and external Internet live streaming and other on-line presentations and~~ use in advertising and promotional materials ~~(e),~~ graphics, logos or other collateral derived from the Images ~~(collectively “the Works”); and (f) press releases. Franchisee/Owners release Franchisor,~~ news articles and press releases, training materials, instructional videos, and corporate presentations, internal communications and corporate use including employee handbooks, and in any other manner of media as we determine. You and your Owners agree to release us from any and all claims and liability for damages for ~~(i)~~ libel, slander, invasion of privacy, right of publicity or any other claim based upon the use of the Images; and ~~(ii)~~ any blurring, distortion, ~~alteration, optical illusion, or use in composite form or any other form of manipulation of the Images,~~ whether intentional or otherwise, ~~of the Images.~~ You and your Owners waive your right to determine the manner and form in which the Images are used or to inspect/approve the final product incorporating the Images. Furthermore, you and your Owners agree that we will have exclusive ownership of all right, interest and title in and to the Images including, without limitation, all copyrights therein.

5.3. Proprietary Software

You must use all proprietary software in the manner we designate and in accordance with our terms and conditions, System Standards, and privacy policies. During and after the Term, you must not reverse engineer, decompile, disassemble, or otherwise attempt to discover the source code of such proprietary software, and/or any data derived therefrom. We reserve the right to require you to agree to our then-current terms and conditions for any and all use of proprietary software.

5.4. Limitations on Use

You are permitted to use the Marks and the System solely to conduct the Franchised Business in compliance with this Agreement. You may not use any trademarks, service marks or commercial symbols other than the Marks to identify or operate your Franchised Business. You may not use any Mark or portion of any Mark as part of any Business Entity name, other than registration of the authorized Trade Name specified on the Summary Page. You may not use any Mark or the System in connection with the sale of any unauthorized product or service or in any other manner not

expressly authorized in writing by us. You must give such notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a PatchMaster Business. You may not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to us. You must identify yourself as the independent owner of your Franchised Business in connection with all of your dealings with customers, employees, and the public, and in accordance with any System Standards established by us.

5.5. Notification of Infringements and Claims

You must immediately notify us of any apparent or threatened: (i) infringement of the Marks or any component of the System, (ii) challenge to your use of any of the Marks or any component of the System, and/or (iii) claim by any person of any rights in any of the Marks or any component of the System. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim; provided, you may communicate with your counsel at your expense. We have the right to take such action as we deem appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks and/or the System. You must execute any and all instruments and documents, render such assistance, and do such acts and things as we determine are necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interest in the Marks and/or the System.

5.6. Indemnification for Use of Marks

We will reimburse you for all direct out-of-pocket expenses reasonably incurred by you in defending any trademark or similar proceeding disputing your authorized use of any Mark, provided that you have complied with the provisions of Section 5.5 and have complied with this Agreement and our directions in responding to such proceeding. At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark and/or any component of the System, including choice of counsel. Our indemnification will not include the expense to you of removing signage or discontinuance of the use of the Marks and/or any component of the System. This indemnification will not apply to litigation between us and you wherein your use of the Marks or System is disputed or challenged by us or our affiliates. This indemnification will not apply to any separate legal fees or costs incurred by you if you obtain independent counsel after we have appointed counsel to represent you and us.

5.7. Changes to the Marks and System

If we deem it necessary for you to modify or discontinue use of any of the Marks or components of the System, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols to identify PatchMaster Businesses, you must comply with our directions promptly after notice to you by us. We will not be required to reimburse you for your expenses derived from update, addition, or modification to, or discontinuance of any Marks or any components of the System or any loss of goodwill associated therewith or for any expenditures made by you to promote any modified or substitute Mark or modified System.

5.8. Online Activities

Except as approved by us in writing or specified in the Confidential Operations Manual, you may not, directly or indirectly, develop, maintain, or authorize any website, domain name, email address, social media account, or other online, electronic, virtual, or digital presence of any kind (“Online Presence”) that displays any of the Marks, promotes or advertises your Franchised

Business, links to any Online Presence maintained by us, engage in any promotional or similar activities, and/or offer any products or services for sale on any Online Presence. If we approve the use of any such Online Presence, you will develop and maintain such Online Presence only in accordance with our guidelines, including guidelines for posting any messages or commentary on other third-party platforms, preparing and linking a privacy policy to such Online Presence, and other System Standards we may establish from time to time. At our request, you agree to grant us or our designees access to each such Online Presence, and to take whatever action (including signing documents) we request to gain access, control, or ownership of such Online Presence.

6. COVENANTS

~~8.7.1 Franchisee/Owners waive any right to inspect and/or approve the finished product incorporating the Images or the use to which the Images may be applied.~~

6.1. Confidential Information

6.1.1. In connection with your franchise under this Agreement, you and your Owners and personnel may from time to time be provided and/or have access to non-public information about the System and the operation of PatchMaster Businesses (the “**Confidential Information**”), including: (1) training programs and operations materials (including the Confidential Operations Manual); (2) the System Standards and methods and techniques for operating PatchMaster Businesses; (3) market research and strategies, customer service techniques, and other practices for generating and maintaining customers; (4) specifications for, suppliers of, and methods of ordering, products and services; (5) any software, technology, or Online Presences which are proprietary to us or the System, including digital passwords and identifications and any source code of, and data and reports generated by the software or similar technology; (6) the operating results and financial performance of PatchMaster Businesses, including your Franchised Business; (7) customer and client lists, terms, job pricing and history, preferences, demographic information and related information; and (8) any other information designated as confidential or proprietary by us. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

6.1.2. All Confidential Information will be owned by us and our affiliates (other than Restricted Data, as defined in Section 10.4). You and your Owners will not acquire any interest in our Confidential Information, other than the right to use it to develop and operate your Franchised Business in compliance with this Agreement. You acknowledge that our Confidential Information, includes our trade secrets, and other information that is proprietary to us and our affiliates, derives value from not being known to the public and our competitors, has been developed by us and our affiliates at significant cost and effort, and is critical to the competitive advantage of us and our affiliates and franchisees. You acknowledge that any unauthorized use or disclosure of our Confidential Information would be an unfair method of competition and will result in irreparable harm to us and our affiliates. You and your Owners therefore agree that during and after the term of this Agreement, you will and you will cause each of your respective spouses, immediate family members, affiliates, and assigns to:

(a) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of the Franchised Business in accordance with this Agreement, and not for any other purpose;

(b) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish from time to time, and our and our representative’s instructions;

(c) keep confidential and not disclose, sell, distribute, or trade our Confidential Information to any person other than those of your employees and representatives who need to know such Confidential Information for the purpose of assisting you in operating the Franchised Business in accordance with this Agreement; and you agree that you will be responsible for any violation of this requirement by any of your representatives or employees;

(d) not make unauthorized copies of any of our Confidential Information;

(e) adopt and maintain administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key personnel, and/or by requiring persons who have access to the Confidential Information to execute a non-disclosure agreement on terms no less favorable than terms applicable to Confidential Information under this Agreement; and

(f) at our request, destroy or return any of the Confidential Information.

6.1.3. We are not making any representations or warranties, express or implied, with respect to the Confidential Information. We and our affiliates have no liability to you and your affiliates for any errors or omissions from the Confidential Information.

6.2. Additional Developments

All ideas, concepts, techniques or materials concerning any PatchMaster Business and/or the System developed, in whole or in part, using Confidential Information, whether or not protectable intellectual property and whether created by or for you or your Owners or employees, shall be promptly disclosed to us and shall be deemed our sole and exclusive property and work made-for-hire for us, automatically and without compensation to you, your Owners, or any of your employees or representatives. We have the right to incorporate such items into the System. To the extent any item does not qualify as a work made-for-hire for us, you shall assign, and by this Agreement, and do hereby assign to us, all right, title, and interest in that item. You shall sign any documents required by us to memorialize such assignment. You agree to take all actions to assist our efforts to obtain or maintain intellectual property rights in any item related to the System, whether developed by you or any of your personnel or not.

6.3. Exclusive Relationship

6.3.1. You acknowledge that we granted you a franchise in consideration of your agreement to deal exclusively with us. You further acknowledge that we would be unable to protect the System and our Confidential Information against unauthorized use or disclosure if you or your Owners were involved in any manner in any Competitive Business (defined below). Therefore, you and your Owners each agree not to, and to cause each of your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly: (i) own, maintain, or acquire any direct or indirect interest in any Competitive Business, whether as record or beneficial owner, investor, employee, partner, director, officer, representative, agent, lessor, lender, or otherwise; and/or (ii) advise, operate, or provide assistance or services of any kind or nature to any Competitive Business:

(a) during the term of this Agreement, in any location worldwide; and

(b) for a period of 2 years from and after the date of termination or expiration of this Agreement, if such Competitive Business is located or operates in and/or services customers in your LSA(s), within a 25 mile radius of your LSA(s), or within a 25 mile radius of any other PatchMaster Business's business office.

“Competitive Business” means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drywall or other types of wall repair services and/or any other line of business, products, or services that are substantially similar to those offered by PatchMaster Businesses; provided, that the definition of Competitive Business will not include: (a) any business operated under a franchise agreement with us or our affiliates; or (b) the ownership of less than 5% of the equity interest in a Competitive Business whose stock is publicly traded on a recognized United States stock exchange.

6.3.2. If any person fails to comply with these obligations after the termination or expiration of this Agreement, the 2-year restricted period for that person will commence on the date the person begins to comply, which may be the date a court order is entered enforcing this provision.

6.3.3. The foregoing covenants will apply to the transferor and its owners for a period of 2 years following the date of such transfer, with the force and effect as if this Agreement had been terminated for such parties as of such date.

6.3.4. You and your Owners acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in these covenants will not deprive any of you of your personal goodwill or ability to earn a living.

6.4. Covenants of Other Individuals

You agree that we will have the right to require certain of your Owners, Key Personnel, management-level employees, officers, and other representatives and owners of you that will have access to Confidential Information to sign certain non-disclosure agreements and other protective covenants we designate. You must ensure that we and our affiliates are named as third-party beneficiaries with the right to enforce these covenants and agreements. Upon our request, you must provide us with copies of all such executed covenants and agreements. We may modify our decisions on which persons will be required to sign such covenants from time to time. You must notify us, upon request, of all employees, representatives, and other individuals to whom you have granted access to Confidential Information, and/or who are involved in the management and supervision of your Franchised Business.

6.5. Non-Interference

~~8.7.2 Franchisee/Owners agree that Franchisor shall have exclusive ownership of all right, interest and title in and to the Images and Works including, without limitation, all copyrights therein.~~

During and after the term of this Agreement, you and your Owners each agree not to, and to cause each of your respective your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly interfere or attempt to interfere with our or our affiliates’ relationships with any customers, franchisees, lenders, investors, suppliers, consultants, or other business partners, and/or otherwise induce or attempt to induce any such persons to terminate, reduce or modify any relationship with us or our affiliates.

6.6. Non-Disparagement

~~8.8 Non-Disparagement.~~ During and after the Term, Franchisee of this Agreement, you and your Owners each agree not to, and to cause the other Restricted Persons (as defined in Section 11.8.1) not to each of your respective your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly: (a) disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor, its of us, our affiliates, any of its or their our or our affiliates’ directors,

officers, employees, or representatives ~~or affiliates~~, the “PatchMaster PATCHMASTER®” brand, the System, any PatchMaster Business, any business using the Marks, or any other brand concept operated or franchised by ~~Franchisor or its~~ us or our affiliates; and/or (ii) take any other action which would, ~~directly or indirectly~~, subject any of the foregoing to ridicule, scandal, reproach, scorn, disrepute, or indignity, or which would negatively impact or injure the goodwill of the System and/or the Marks.

7. TRAINING AND ASSISTANCE

7.1. Initial Training

7.1.1. We will provide a training program on the material aspects of operating a PatchMaster Business (the “**Training Program**”) to you (or if you are a Business Entity, your Owners), and up to three other representatives as requested by you (one of which must be your General Manager, as applicable under Section 11.3) (together, your “**Key Personnel**”). You may invite additional persons to attend the Training Program if space allows; provided, that if we approve such requests, we may charge our then-current training fee, plus all expenses, for each additional person attending the Training Program and/or for any portion of the Training Program conducted more than one time to accommodate the schedules of your attendees.

7.1.2. We will determine the identity and composition of the trainer(s) conducting all portions of the Training Program in our discretion. We will provide the Training Program at the times and locations we determine, which may include conducting any portion of the Training Program virtually. We will also determine the length and content of the Training Program. We may vary the Training Program based on the experience and skill level of the individual(s) attending. Scheduling of the Training Program is based on your and our availability and the projected opening of your Franchised Business.

7.1.3. Your Key Personnel must complete the Training Program to our satisfaction at least 30 days before beginning to operate your Franchised Business. If any of your Key Personnel fail to satisfactorily complete the Training Program, then we reserve the right to require such person(s) to attend additional training at a time and location of our choice, and we will charge you our then-current training fee, plus all expenses, for such additional training. If you and your Key Personnel complete the Training Program to our satisfaction and have not expressly informed us at the end of the Training Program that they do not feel sufficiently trained in the operation of your Franchised Business, then you and your Key Personnel will be deemed to have been trained sufficiently.

7.1.4. If you hire a new General Manager, the new General Manager must attend and successfully complete our then-current Training Program before providing services to your Franchised Business, and you must pay our then-current training fee for such training.

7.2. Personnel Training

You are solely responsible for training all of your employees, contractors, and other personnel, at your sole cost and expense. We may periodically require you to disclose to us the training curriculum and materials that you use to train your personnel, and/or set System Standards relating to the training that you offer (including requiring third-party training or certification courses technical programs), to ensure that all personnel receive appropriate training to conduct your Franchised Business in accordance with our System Standards; but these minimum requirements are solely intended to protect our System and the goodwill of the Marks. You have the ultimate and exclusive responsibility for ensuring that all of your employees and personnel are appropriately

trained to operate your Franchised Business in accordance with this Agreement and our System Standards, regardless of any training or support that we provide.

7.3. Additional Training

7.3.1. Subject to limitations on scheduling, availability and similar resources, we may provide you with advice from time to time regarding your Franchised Business. Our advice and guidance will be furnished in the formats we periodically designate, which may include updates to our Confidential Operations Manual, written bulletins and newsletters, via telephone or electronic meetings, and/or consultation at our offices. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

7.3.2. You may request additional training for you, your Owners, or your personnel from time to time during the term of this Agreement. If we agree to provide you such additional training, we and you will jointly determine the duration of this additional training, and we reserve the right to charge you our then-current training fee for such additional training, plus expenses.

7.3.3. We may require you and your Key Personnel and/or other personnel to attend various training courses, trade shows, ongoing education programs, and/or webinars at the times and locations designated by us, which may be offered by us or our affiliates, vendors, or other designees of ours. In addition to these training courses, programs, and events, we may additionally require you and/or any of your Key Personnel to attend periodic meetings of franchise owners or managers. These meetings will be held at our discretion and at the locations we designate, and we reserve the right to charge meeting or conference fees for such events, regardless of attendance. If you fail to attend any annual/regional meetings held during the term of this Agreement, we have the right to require you to attend additional training, and charge our then-current training fee for such training, in addition to any other rights and remedies available to us for your breach of this provision.

7.3.4. If we determine that you are not operating your Franchised Business in full compliance with this Agreement and/or the Confidential Operations Manual, we may require that your Key Personnel attend additional training that is relevant to your deficiencies, and we reserve the right to charge you our then-current training fee for such additional training plus expenses.

7.4. Training Fees and Expenses

7.4.1. You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you and your Key Personnel or any other employee incurs during any and all meetings and/or training courses and programs, including the Training Program. If we or our representatives travel to your area to conduct any training of any kind, you are also responsible for the travel and living expenses and out-of-pocket costs that we and such representatives incur to provide you and your personnel any training.

7.4.2. As of the Effective Date, our training fee is equal to \$500 per person per day, plus reimbursement of our and our representatives costs and expenses for providing such training. We may modify the amount of our per day training fee at any time and from time to time, provided that our training fee does not increase by more than \$100 in any calendar year.

8. SYSTEM STANDARDS

8.1. System Standards

We have developed and will continue to develop as part of the System certain specifications, standards, operating procedures, and rules that we prescribe as mandatory for operating PatchMaster Businesses generally, or your Franchised Business specifically (as they be modified from time to time, the “System Standards”). You acknowledge and agree that operating and maintaining your Franchised Business according to System Standards is essential to preserve the goodwill of the Marks and all PatchMaster Businesses. You further acknowledge and agree that we have granted you the franchise under this Agreement in reliance on your commitment to strictly observe all System Standards when operating your Franchised Business. To that effect, you and your Owners each hereby agree to at all times strictly comply, and cause your Franchised Business and its personnel to strictly comply, with all System Standards that we adopt from time to time, including System Standards relating to: (i) the amount, types, quality and specifications of equipment, supplies and inventory; (ii) sales and marketing materials, techniques, special offers, campaigns and programs; (iii) the use and display of the Marks; (iv) participation in customer programs; (v) minimum criteria for staffing levels, qualifications, training, uniform and appearance (although you have sole responsibility and authority concerning all other matters relating to employees and personnel, including hiring and promotion, hours worked, rates of pay, and other, benefits, work assigned, the manner of performing work and working conditions); (vi) customer service warranties, policies, programs, and quality control measures; (vii) product and service offerings and packages; (viii) days and hours of operation; (ix) invoicing practices, methods of accepting and accounting for customer payments, and use of payment services; (x) designated and approved suppliers and supply chain programs; (xi) bookkeeping, accounting, recordkeeping, and data processing and security practices; (xii) participation criteria and standards for servicing our National Account Clients; (xiii) insurance limits and coverage; (xiv) policies for the registration, use, content, or management of Online Presences, or other technology systems, solutions, or products; and (xv) such other aspects of operating a PatchMaster Business that we determine to be necessary or prudent to preserve or enhance the System, the PATCHMASTER® brand, and the goodwill of the Marks and the System.

8.2. Confidential Operations Manual

We will make information about the System Standards, and other suggestions and general guidance for operating a PatchMaster Business available to you during the term of this Agreement, which may include one or more manuals, bulletins, publications, newsletters, memoranda, videos, and other communications from us and our representatives, in printed, electronic, audio/video, or other form (collectively, the “Confidential Operations Manual”). We may modify the Confidential Operations Manual periodically, including changing System Standards. If there is a dispute over its contents, our master copy of the Confidential Operations Manual will control. You agree that the Confidential Operations Manual’s contents are considered Confidential Information and that you will not disclose the Confidential Operations Manual to any person other than any employee who needs to know its contents to perform their duties. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Confidential Operations Manual without our approval. At our option, we may make some or all of the Confidential Operations Manual available through an Online Presence. If we do so, you agree to monitor and access that Online Presence for any updates to the Confidential Operations Manual. Any passwords or other digital identifications necessary to access the Confidential Operations Manual on any Online Presence will be deemed to be part of Confidential Information.

8.3. Modification to the System

You understand that the System will continue to evolve during the term of this Agreement and that the System Standards are subject to change. You agree to promptly make all upgrades and

modifications to your Franchised Business during the term of this Agreement as may be required to ensure that your Franchised Business at all times complies with our then-current System Standards. You acknowledge and agree that you will be solely responsible for the costs associated with updating and maintaining your Franchised Business in compliance with System Standards during the entire term of this Agreements. Changes to the System and the System Standards may require you to incur additional costs or invest additional capital into your Franchised Business.

8.4. Variance

We have the right to vary our System Standards for any franchisee based on that particular franchisee’s qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which we deem to be of importance to the successful operation of any particular PatchMaster Business. We are not required to disclose or grant to you a like or similar variance hereunder.

9. ~~ASSIGNMENT, TRANSFER~~ ADVERTISING AND ~~ENCUMBRANCE~~ PROMOTIONAL ACTIVITIES

9.1. Your Local Advertising

9.1.1. You are solely responsible for conducting all local advertising for your Franchised Business. You must advertise and market your Franchised Business in any advertising medium we determine, using forms of advertisement we approve, including using a national telephone number authorized by us for all advertising and promotional purposes as we direct. You must also list your Franchised Business with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require. You must comply with all of our System Standards for your advertising. All advertising materials that you use and any advertising activities that you conduct must be factually accurate, conform to the highest standards of ethical advertising, and comply with all federal, state and local laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

9.1.2. You must submit to us, for our prior approval, all advertising and promotional materials that you wish to use to promote your Franchised Business and/or that display the Marks. You may not use any advertising, promotional, or marketing materials that we have not approved in writing. We may revoke our approval of any advertising, promotional, or marketing materials at any time. We may from time to time prohibit certain types of marketing as we determine in our sole discretion, including prohibitions on mass marketing and requirements for identifying a service area or location. You must disclose your LSA(s) and your authorized phone number in a manner we have approved in all of your advertising, promotional, and marketing materials. You must promptly cease using any advertising, promotional, or marketing materials that are disapproved or prohibited by us.

9.1.3. We may require you to spend a minimum amount per month on advertising, promotions, and public relations for your Franchised Business in your LSA(s) (“**Local Advertising Expenditure**”). We will determine what type of expenditures will count towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any costs you incur for advertising conducted at the Franchised Business Office and/or on service vehicle(s), such as vehicle wraps, will not be counted towards your Local Advertising Expenditure. On our request, you agree to send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding months. The amount of the Local Advertising Expenditure as of the Effective Date is specified on

the Summary Page. We may modify the amount of the Local Advertising Expenditure at any time and from time to time up to \$2,000 per LSA for the entire Term.

9.1.4. We have the right from time to time to require you to pay part or all of the Local Advertising Expenditure to us or our designee for local marketing. We may at any time, on one or more occasions, with at least 30 days' notice to you, change the proportion of the Local Advertising Expenditure that you must spend directly, versus paying to us or our designee.

9.2. Brand Fund

9.2.1. We have the right to establish and administer a marketing, advertising and promotion fund to facilitate advertising and marketing efforts for the PATCHMASTER® brand, the franchise system, any products or services offered by PatchMaster Businesses, and/or any PatchMaster Businesses ("Brand Fund"). You hereby agree to contribute monthly to the Brand Fund an amount specified by us from time to time ("Brand Fund Contribution"). The amount of the Brand Fund Contribution as of the Effective Date is specified on the Summary Page. We may modify the amount of the Brand Fund Contribution and the method or timing for payment at any time during the Term; provided, the Brand Fund Contribution will not exceed 3% of your Gross Revenue. The Brand Fund Contribution must be paid by you in the manner we designate from time to time, which may include collecting amounts in the same manner as the Royalty Fees.

9.2.2. We will have exclusive control over all programs and services administered by the Brand Fund, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. We do not guarantee that any particular franchisee will benefit directly from expenditures by the Brand Fund, or that any such expenditures will be in proportion to any franchisee's contributions. The program(s) may be local, regional or national in scope. We do not guarantee the results of any Brand Fund programs, services, or expenditures in any manner. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences, software, applications or other technology solutions; administering advertising, marketing, and promotional campaigns and programs; using public relations and marketing agencies and other advisors to provide assistance; conducting customer surveys and programs; developing market research and other marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the PATCHMASTER® brand, and/or PatchMaster Businesses. We may also use the Brand Fund to pay for the Brand Fund's other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time in our sole discretion.

9.2.3. We will keep a record of the Brand Fund separately from our other funds, though we are not required to hold such funds in a separate account. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. We may also forgive, waive, settle, and compromise all claims by or against the Brand Fund in our sole discretion.

9.2.4. We may at any time, on 30 days' prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will first pay all outstanding invoices and debts

incurred by the Brand Fund, and then we will return the remaining balance to franchisees in proportion to their Brand Fund Contributions in the 12 months prior to such termination.

9.2.5. We may elect to maintain multiple Brand Funds or the administration thereof, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Brand Funds or the administration thereof, in each case provided that each such Brand Fund will otherwise remain subject to the terms of this Agreement.

9.2.6. An accounting of the operation of the Brand Fund will be prepared annually and will be available to you upon request. We retain the right to have the Brand Fund reviewed or audited and reported on, at the expense of the Brand Fund, by an independent certified public accountant selected by us. We may also administer the Brand Fund through a separate Business Entity whenever we deem appropriate, and such Business Entity will have all of the rights and duties in this Section.

9.2.7. You acknowledge that the Brand Fund is not a trust and we assume no fiduciary duty in administering the Brand Fund.

9.3. Franchise System Websites and Data

We may establish, acquire, or host any Online Presence to advertise, market, and promote PatchMaster Businesses and/or the PATCHMASTER® brand, the products and services that they offer and sell, and/or a franchise opportunity (a “Franchise System Website”). We may (but are not required to) provide information on any Franchise System Website about your Franchised Business. You must provide us with the information and materials we request to develop, update, and modify the description of your Franchised Business on any Franchise System Website. You must notify us whenever any information on any Franchise System Website is not accurate. We will own all intellectual property and other rights in all Franchise System Websites, including as it relates to your Franchised Business, and all data, content, information and materials derived from any Franchise System Websites (including account information and preferences, login credentials, analytic data and reports, user submitted content and data, and all messages and other information or materials directed to or from messaging platforms associated with any Franchise System Website). We have the unrestricted right to access and use all Franchise System Websites and all information derived from such Franchise System Websites without limitation, including the right to download, read, store, copy, delete, modify, and/or host it, in any manner of our choosing. We may temporarily or permanently remove references to your Franchised Business from any or all Franchise System Websites if you or your Owners or affiliates are in default of any obligation under this Agreement or our System Standards, and/or upon the expiration or termination of this Agreement. We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards. You acknowledge and agree that we will have unrestricted access to and sole ownership of all such email accounts, and all document, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users’ access to it at any time.

9.4. Contact Information

~~9.1 By Franchisor. Franchisor shall have the right to Transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal Entity without the consent of Franchisee. With respect to any assignment that results in the subsequent performance by the assignee of all of Franchisor’s obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, Franchisee expressly affirms and~~

~~agrees that Franchisor may sell its assets, the Marks, or the System; may sell its securities in a public offering or in a private placement; may merge, acquire other entities, or be acquired by another Entity; including an Entity that owns and or operates businesses that compete with the Franchised Business, and may undertake a refinancing, recapitalization, leveraged buy out, or other economic or financial restructuring, each and all without the consent of Franchisee.~~

You agree that, as between us and you, we reserve the right to all telephone numbers, Online Presences, and/or any other type of contact information or directory listing for your Franchised Business or that you use in the operation or promotion of your Franchised Business (collectively, the “Contact Information”). We may elect to assign you one or more telephone number(s) that we control to use for your franchised Business, and if we do so, you may not use any other telephone number(s) for your business. The Contact Information may be used only for your Franchised Business in accordance with this Agreement and our System Standards and for no other purpose. We reserve the right to notify any telephone company, listing agencies, website hosting company, domain registrar, social network, and any other third-party owning or controlling any Contact Information, if any information relating to your Franchised Business is inaccurate or violates our System Standards, and request that they modify such Contact Information, and/or remove such Contact Information.

10. RECORDS, REPORTING, AND TECHNOLOGY SYSTEMS

10.1. Books and Records

You must maintain full, complete and accurate books, records and accounts in accordance with the accounting and record-keeping systems prescribed by us, including any software, technology, or integrations we specify for such record-keeping. You agree to update all records in a timely and accurate manner and correct any errors or discrepancies promptly, as well as taking all necessary steps to ensure that all records and accounts are readily accessible for review, audit, or inspection by us or our authorized representatives. In addition, you must implement appropriate measures to safeguard such records from loss, unauthorized access or tampering and shall ensure that the records are securely stored. You must retain all books and records related to your Franchised Business during the term of this Agreement, and for five years thereafter, including purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by us or required by law.

10.2. Financial Statements and Reports

You also agree to deliver us in the manner and format that we prescribe from time to time: (i) no later than the date that the Royalty Fee is due each month, a signed and verified statement of Gross Revenue for the preceding month; (ii) within 12 days after the end of each calendar month, a balance sheet as of the preceding month-end and income statement for the preceding month and year-to-date; (iii) within 90 days after the end of each calendar year, a balance sheet as of the preceding year-end and income statement for the preceding year; (iv) within the time limits specified by us from time to time, such other periodic operating statements, financial statements, tax returns, and other information we request regarding you and your Franchised Business. We may establish System Standards for all reports and financial statements, which may include requiring that financial statements be prepared in accordance with a chart of accounts we designate, that such financial statements be reviewed or audited by a certified public accountant, and/or that such financial statements be generated using software, applications, and/or integrations we specify. We have the right to disclose any financial and operational information relating to your Franchised Business to third parties at our discretion, including current or prospective lenders, investors, and other business partners. We may periodically change the intervals or due dates for reports described above,

provided we provide you with no less than 30 days' notice prior to any such change. In addition to our other remedies under this Agreement for non-compliance, you agree to pay us a fee of \$10 per day for any delay or non-compliance in reporting, including failure to use the required accounting software.

10.3. Technology Systems

10.3.1. You must acquire and use all hardware, software, and IT systems that we specify from time to time, including computer, point-of-sale systems, financial software, telecommunications, security and similar systems, together with the associated hardware, software, applications, integrations, and related equipment and services (collectively the “Technology Systems”). We may establish System Standards for the Technology Systems and/or require the use of designated Technology Systems for any purpose associated with your Franchised Business, including purchasing, estimating, pricing, scheduling, accounting, order entry, inventory control, security, data management, information storage, retrieval and transmission, customer information, customer programs, marketing, communications, or any other business purpose. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

~~9.2 By Franchisee. The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, aptitude, business ability, English language fluency, physical capacity to perform the obligations under this Agreement and financial capacity of Franchisee or, if Franchisee is an Entity, of its Owners. Accordingly, Franchisee shall not Transfer this Agreement or any interest in this Agreement or ownership of Franchisee without Franchisor's prior written consent and without offering Franchisor a right of first refusal. Any attempt at a Transfer that violates the provisions of this section shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement. If Franchisee desires or proposes to Transfer any right or interest under this Agreement to a potential person or Entity (“Transferee”), Franchisee shall first notify Franchisor in writing at least 60 days before the proposed Transfer, setting forth in detail all of the proposed terms and conditions of the Transfer, a copy of the proposed sale and purchase agreement between Franchisee and the proposed Transferee, the name and address of the proposed Transferee, and the consideration therefore. Franchisor shall not unreasonably withhold its consent to the Transfer for which it has not exercised its right of first refusal pursuant to Section 9.3, so long as the proposed Transfer complies with all the following pre-conditions:~~

10.3.2. You must take all steps necessary to enable us to have independent and unlimited access to the data collected through the Technology Systems, including information regarding your Gross Revenue, relating to customers and jobs completed, and any other information relating to your Franchised Business. You must provide us, upon request, with all user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

10.3.3. You are solely responsible for protecting the Technology Systems against computer viruses, bugs, power disruptions, disruptions, internet access failures, internet content failures, data-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

~~9.2.1 At the time of the proposed Transfer, all outstanding obligations of Franchisee to Franchisor shall have been satisfied and the terms of the proposed sale and purchase agreement shall not purport to Transfer any intellectual property of Franchisor and shall not in Franchisor's sole discretion contain any terms or conditions that would damage the goodwill of the System.~~

10.3.4. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from designated or approved third party suppliers, which may be us or our affiliates. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers.

~~9.2.2 The proposed Transferee and each its Owners, as the case may be, must be a United States citizen or lawful resident alien of the United States and must have sufficient literacy and fluency in the English language sufficient, in Franchisor's opinion, to communicate with employees, customers, and suppliers of Franchisor and to satisfactorily complete Franchisor's required training program and such other tests and interviews as Franchisor shall reasonably deem to be necessary or desirable. Franchisee shall provide Franchisor with such information as Franchisor may require in order to determine whether to grant such proposed Transfer.~~

~~9.2.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the proposed Transferee will be unlikely to properly maintain, operate and promote the Franchised Business and meet the proposed Transferee's financial and other obligations to Franchisor, third party suppliers and creditors. This provision shall not create any liability to either Franchisee or the proposed Transferee on the part of Franchisor, in the event that Franchisor approves the Transfer and the Transferee experiences financial difficulties.~~

~~9.2.4 Franchisee and its Owners shall execute a general release of Franchisor and its respective current and former officers, shareholders, directors, members, managers, employees, agents, affiliates and representatives, in a form satisfactory to Franchisor.~~

~~9.2.5 If required by Franchisee's jurisdiction or any other governmental authority, the proposed Transferee shall be duly licensed to operate the Franchised Business, and Franchisee shall have obtained, at its or at the Transferee's expense, all requisite consents to such Transfer.~~

~~9.2.6 The proposed Transferee shall execute the standard form of Franchise Agreement then being offered to new franchisees and other ancillary documents that Franchisor requires, the terms of which may vary from those of this Agreement. If the Transferee is an Entity, its Owners shall jointly and severally guarantee the full payment and performance of Transferee's monetary and non-monetary obligations to Franchisor and deliver to Franchisor forms of personal guaranty and subordination to the satisfaction of Franchisor.~~

~~9.2.7 Franchisee shall pay to Franchisor a "Transfer Fee" in the then current amount (currently \$10,000), plus Franchisor's out of pocket costs associated with the Transfer, including costs of attorneys' fees associated with the Transfer, on or before the Transfer; provided, however, that if Franchisor does not consent to the Transfer, Franchisor shall refund the Transfer Fee to Franchisee after deducting any expenses it incurred in connection with the proposed Transfer.~~

~~9.2.8 Either Franchisee has or Transferee has agreed to comply with the provisions of this Agreement regarding modernization or refurbishment of the Franchised Business as may be necessary to conform to the standards then applicable to new PatchMaster franchisees.~~

~~9.2.9 To the extent applicable, Franchisee will have paid broker or other third party fees in connection with efforts to assign or transfer this Agreement. Depending on the nature of the contractual relationship between broker/third party and Franchisor/Franchisee, these fees shall be paid to either Franchisor or to the third party directly.~~

~~**9.3 Right of First Refusal.** If Franchisee or any of its Owners intend to Transfer the Franchised Business for valuable consideration, a complete and accurate copy of the bona fide, signed, written offer from the potential purchaser must be delivered immediately to Franchisor. If the offeror proposes to buy~~

any other tangible or intangible assets that do not relate to or are not used by or in the Franchised Business, the proposal for such assets or rights must be described in a separate offer that is disclosed to Franchisor, but to which this right of first refusal is not applicable. The purchase price and terms for the Transfer of the Franchise will reflect the bona fide offered price and not reflect any value for any other assets.

~~9.3.1 Within thirty (30) days after Franchisee delivers a complete and accurate copy of the bona fide offer to Franchisor, Franchisor or its designee will have the option, exercisable by written notice, to purchase the interest that is the subject of the offer/ for the price and on the terms in the offer; provided, however, that (a) Franchisor may substitute cash for any in-kind payment proposed in the offer, (b) Franchisor's credit will be deemed equal to the proposed purchaser's credit, and (c) Franchisor will have not more than one hundred twenty (120) days from the option exercise date to consummate the transaction. Franchisee will promptly respond to all of Franchisor's reasonable due diligence requests. Terms and conditions for the purchase will be as similar as practicable to the offer's terms and conditions, subject to the exceptions above.~~

~~9.3.2 Unless expressly limited in the third party offer, Franchisor has the right to purchase the interest subject to all customary representations and warranties, closing documents, releases and indemnities as Franchisor may reasonably require, including representations and warranties as to the ownership and condition of, and title to, shares of ownership and/or assets, the validity and status of contracts and leases and the extent of any liabilities, contingent or otherwise. Franchisor also will have the option to acquire, for nominal consideration, an assignment of Franchisee's leasehold rights for the Office premises.~~

~~9.3.3 If Franchisor does not exercise its purchase option, Franchisee or its Owners may complete the sale to the offeror on the offer's exact terms, subject to Franchisor's approval of the Transfer; provided that if there is a material change in the offer's terms, Franchisor will have an additional option to purchase during the thirty (30) day period after Franchisee provides notice of a material change in the offer's terms.~~

~~9.3.4 If the proposed Transfer is not supported by valuable consideration (e.g. gift, testamentary transfer, or involves the transfer of ownership to an immediate family member of an Owner, or reorganization of your entity without any change in the Owners), Franchisor will have no right of first refusal. Franchisor must approve the new Owner under Section 9.2.~~

~~**9.4 Death or Incapacity of Franchisee.** Upon Franchisee's death or Incapacity during the Term or upon the death or Incapacity of one or more Owners with 50% or more interest in Franchisee, if Franchisee is an Entity, Franchisor, on its own initiative, or upon the written request of the heirs, shall allow the heirs a period of six (6) months from the date of death or Incapacity to effectuate one of the below options. "**Incapacity**" shall mean the condition of an individual who suffers from a physical or mental impairment, or a combination of both, rendering Franchisee, or its Owner, unable to substantially perform all Franchisee's obligations and duties provided of this Agreement and in the Manuals, which is verifiable by medical findings and has continued or is reasonably certain to continue for at least three (3) months without substantial improvement that would allow such individual to perform.~~

~~9.4.1 Demonstrate that the heirs, personal representatives or conservators of Franchisee or Owner ("**Heirs**") meet Franchisor's requirements for a Transferee set forth in this Agreement and agree to the terms of this Agreement and confirm this by signing a Transfer or assignment. At Franchisor's option, as an alternative to signing a Transfer or assignment agreement, Franchisor may require the heirs to execute the standard form of Franchise Agreement then being offered to new franchisees (modified to reflect that Franchisor shall not collect an initial franchisee fee and to reflect the remaining term and renewal term then remaining, if any, with respect to this Agreement) and any ancillary documents that Franchisor requires, the terms of which may be different from those of this Agreement; or~~

~~9.4.2 Assign this Agreement to a third party acceptable to Franchisor that meets the prerequisites to Transfer set forth in this Agreement.~~

10.4. 10. TERMINATION OF FRANCHISE AGREEMENT Information Security.

10.4.1. You may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“Personal Information”). You may gain access to such Personal Information from us, our affiliates, our vendors, or your own operations. You agree that all Personal Information (other than Restricted Data, defined below) is our Confidential Information and is subject to the protections in Section 6.1.

10.4.2. During and after the Term, you and your Owners agree that you will, and will cause your respective current and former employees, representatives, affiliates, successors and assigns to: (a) process, retain, use, collect, and disclose all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

10.4.3. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach. We reserve the right to conduct a data security and privacy audit of any of your Franchised Business and your Technology Systems at any time, from time to time, to ensure that you are complying with our requirements. You must promptly notify us if you receive any complaint, notice, or communication, whether from a governmental agency, customer or other person, relating to any Personal Information, or your compliance with your obligations relating to Personal Information under this Agreement, and/or if you have any reason to believe you will not be able to satisfy any of your obligations relating to Personal Information under this Agreement.

10.4.4. Notwithstanding anything to the contrary in this Agreement or otherwise, you agree that we do not control or own any of the following Personal Information (collectively, the “**Restricted Data**”): (a) any Personal Information of the employees, officers, contractors, owners or other personnel of you, your affiliates, or your Franchised Business; (b) such other Personal Information as we from time to time expressly designate as Restricted Data; and/or (c) any other Personal Information to which we do not have access. Regardless of any guidance we may provide generally and/or any specifications that we may establish for other Personal Information, you have sole and exclusive responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data; provided, that in each case you agree to comply with all applicable laws, regulations, orders, and the guidance and codes issued by industry or regulatory agencies applicable to such Restricted Data.

10.5. Right to Audit

We or our designee have the right, with or without notice, to examine, copy and audit your books and records, accounting reports, client records and invoices, job reports, tax returns, and other business records and information. We also may demand access to books and records of any business operated by any of your Owners, General Manager(s), and/or any affiliate of the foregoing, to the extent needed to ensure that you are complying with this Agreement. If any audit should reveal that

any payments to us have been underpaid, then you must immediately pay to us the amount of the underpayment plus applicable late fees and interest. If the audit or any other inspection should reveal that you have not spent the required Local Advertising Expenditure, or if the inspection discloses an underpayment of 3% or more of any amount due to us for any period covered by the audit, then you must also reimburse us for any and all costs and expenses connected with the audit (including travel expenses and reasonable accounting and attorneys' fees). If any audit reveals that you and/or you or your Owners are in breach of any terms of this Agreement, then we may also require you to reimburse our costs for conducting the audit (including accounting and attorneys' fees). The foregoing remedies are in addition to any other remedies we may have. At our request, you agree to authorize and direct any third parties, including accounting and legal professionals, to release to us any and all books and records contemplated by this Section.

11. OPERATION OF YOUR FRANCHISED BUSINESS

11.1. Authorized Products, Services and Suppliers

11.1.1. You must provide or offer for sale or use at your Franchised Business all of the services, products, supplies, equipment and other items that we from time to time designate. You may not offer or provide any other services, products, supplies, equipment, and other items as part of your Franchised Business without our express approval. You may not offer or provide any other products and services, and/or permit any of your affiliates, employees, Owners, or other representatives to offer or provide any other products and services, related to or arising in connection with any project conducted by your Franchised Business, without our prior written approval. You may not offer or sell any products or services from your Franchised Business at wholesale, resale, or other alternative distribution channels, without our prior written approval.

11.1.2. All products, supplies, equipment, and other items provided by your Franchised Business must comply in all respects with our System Standards. We are under no obligation to authorize every PatchMaster Business to offer the same services, products, supplies, equipment, and other items. We may condition our approval for you to offer any services, products, supplies, equipment and other items on our then-current criteria, including your compliance with this Agreement.

11.1.3. You agree to obtain and use the equipment, supplies, inventory, and other products, assets, and services we designate from time to time as meeting our System Standards, including your Technology Systems, service vehicles, and any other equipment, supplies, inventory, signage, third-party services, and signs and other products and services that we approve for PatchMaster Businesses. You agree not to use any other equipment, supplies, inventory, and other products, assets, and services that do not meet our System Standards without our express approval. We may require that you purchase any products or services only from a supplier designed or approved by us, and/or that satisfy our System Standards (which may be a third-party vendor or supplier, or may be us or our affiliate). In addition, we may, at our option, arrange with designated vendors, to collect or have our affiliates collect fees and expenses associated with products and services, to provide such services to you and, in turn, pay the vendor on your behalf for such products or services. If we elect to do so, you agree that we or our affiliates may auto debit your Transfer Account for such amounts in the same manner and using the same authorization that you grant us with respect to payment of Royalty Fees and other fees.

11.1.4. If you wish to use any products, services, or suppliers that we have not approved (for products and services that require our approval), you must first send us sufficient information, specifications and samples for us to determine whether the service, product, or supplier complies with our System Standards. We are not required to consider alternative suppliers and we may refuse

to consider such requests for any reason. You must bear all expenses incurred by us in connection with determining whether we will approve an item, service or supplier. Approval of a supplier may be conditioned on the supplier's ability to provide a sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section will be construed to require us to approve any particular supplier, or to require us to make available to prospective suppliers, standards and specifications that we deem confidential. We have the right to review from time to time our approval of any products, services, or suppliers. We may revoke our approval of any products, services, or suppliers at any time. You must promptly cease using, selling or providing any products, services, or suppliers disapproved by us.

11.1.5. You acknowledge and agrees that we and/or our affiliates may derive compensation or other benefits based on your purchases or leases from designated or approved suppliers, and that we have the right to retain such compensation or benefits in consideration of the services provided by us and/or our affiliate. You shall have no interest in or claim to such compensation or benefit.

11.2. Condition of your Franchised Business

You shall maintain the service tools and equipment, service vehicles, signage and other components of your Franchised Business to meet the highest standards of professionalism, cleanliness, sanitation, safety, and courteous service. You must repair or replace all products, equipment, inventory, supplies and other assets as necessary to comply with our health and safety standards and specifications and any applicable laws or regulations. The expense of such maintenance shall be borne by you.

11.3. Management

~~10.1 Termination by Franchisee for Cause. Franchisee may terminate this Agreement prior to the expiration of the Term only if Franchisor has materially breached its obligations under Section 6.1 of this Agreement, provided, however that the conditions in this Section are fully satisfied and Franchisee is itself in full compliance with this Agreement at the time of giving such notice of termination.~~

Subject to the terms and conditions of this Agreement, you (or if you are a Business Entity, your Owners) will be solely responsible for the management, direction and control of your Franchised Business. You (or if you are a Business Entity, your Owners) must remain active in overseeing the operations of the Franchised Business during the entire Term, however, you may appoint a general manager to help you supervise the day-to-day affairs of your Franchised Business (your "General Manager"). We may establish conditions for approving any General Manager, as applicable, which may include the completion of training, confirmation that such individual will have no competitive activities, and/or execution of a non-disclosure agreement (that we approve or designate) or other covenants we require. You (or if you are a Business Entity, your Owners) and/or your General Manager (as applicable) must supervise the management and day-to-day operations of your Franchised Business on a full-time basis and continuously exert best efforts to promote and enhance your Franchised Business and the goodwill associated with the Marks.

11.4. Your Personnel

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Franchised Business. You agree that any employee, agent, or independent contractor that you hire will be your employee, agent, or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of

employment of your personnel, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Franchised Business in compliance with federal, state, and local employment laws.

11.5. Compliance with Applicable Laws

11.5.1. You shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of your Franchised Business, including all zoning and local permits necessary to operate your Franchised Business from the Franchised Business Office, and shall operate your Franchised Business in full compliance with all applicable laws, ordinances, and regulations. We make no representation to you with regard to any legal requirements that you must satisfy or comply with in connection with the operation of your Franchised Business. You shall be solely responsible for investigating and complying with all such laws, ordinances, and regulations with regard to the operation of your Franchised Business.

11.5.2. You represent and warrant to us that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been: (1) listed on the U.S. Treasury Department's List of Specially Designated Nationals, the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, the U.S. State Department's Debarred List or Nonproliferation Sanctions, or the Annex to U.S. Executive Order 13224; or (2) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism. You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all employees, agents, representatives, and any other person or entity associated with you not to, during the term of this Agreement, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

11.6. Notification of Proceedings and Breaches

You must notify us not more than 5 days after the commencement of any action, suit or proceeding involving you or your Franchised Business, or the issuance of any order, writ, injunction, judgment, award, or decree which may affect the operation or financial condition of your Franchised Business. You must deliver to us within 2 days of receipt a copy of any and all notices you receive from any person, Business Entity or governmental authority claiming that you, your representatives, or your Franchised Business has violated any laws, regulations, permits, licenses, agreements or other committed any other breach, default or violation in connection with your Franchised Business, and/or that any audit, investigation, or similar proceeding by any such person or governmental authority is pending or threatened against you on the basis of any of any the foregoing, including any default notices from any landlord or supplier, any violation notices from a health or safety regulatory board, and any customer complaints alleging violations or law, or which may otherwise adversely affect your operation or financial condition or that of your Franchised Business.

11.7. Compliance with Good Business Practices

You acknowledge that the quality of customer service and the demeanor of you and your employees is material to this Agreement and the relationship created and hereby. Therefore, you agree to give prompt, courteous, and efficient service to customers of your Franchised Business and to cause your Franchised Business to adhere to the highest standards of honesty, fair dealing and ethical conduct in all dealings with its customers, vendors and the general public. We have the right

to intervene and satisfy any customer that we determine was not properly addressed by you, including by refunding the customer for any amounts we deem appropriate, and you must reimburse us for such refunded amounts or other remedies we offer any customer.

11.8. Call Center Program

If we require, you will participate in the call center program, as it exists from time to time, which may include using and publishing a telephone number we designate, receiving calls from a call center established and operated by us, engaging a designated service provider (which may be us, our affiliate, or a third party) to answer calls, set customer appointments, and provide other related services, and acquiring, installing, and using related technology, and using designated service providers. You must pay all fees imposed by the service provider for these services and enter into any related user or service agreements. At any time that a call center program is not implemented, you must arrange for the answering of all incoming phone calls during regular business hours. In addition to our other remedies under this Agreement, if you fail to comply with this requirement on two or more occasions, then we may require you to engage the services of a professional call center services provider approved in advance by us, at your expense.

11.9. Minimum Performance Criteria

You agree to use your best efforts to promote and increase the sales and recognition of services offered through your Franchised Business. There are no minimum performance criteria during the first 2 years of operations of your Franchised Business. Beginning in the 3rd year of operation, your Franchised Business must annually achieve a minimum of \$100,000 in Gross Revenue. If you fail to achieve the foregoing minimum Gross Revenue in any year in any LSA, we reserve the right to either reduce the size of your LSA(s) or to terminate this Agreement. If you have for any reason acquired multiple LSAs under this Agreement, you must achieve the minimum Gross Revenue specified in this Section in each LSA. With no less than 30 days prior notice, we may increase the amount of the minimum average annual Gross Revenue in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the Effective Date, or such later date as we last adjusted the minimum average annual Gross Revenue.

11.10. National Account Clients

We or our affiliates may periodically enter into agreements with clients that require service (the "National Account Clients"). We may, at our election, provide these services ourselves or through our affiliates or designees, and/or may subcontract servicing rights to one or more third parties or franchisees, in our discretion. If you are eligible to service these National Account Clients and are interested in doing so, you may be required to sign one or more National Account Service Agreements identifying the conditions under which products and services will be provided. We may establish criteria or qualifications for franchisees that wish to service National Accounts Clients, including different service standards, requirements for accepting or declining jobs, insurance requirements, or other conditions we establish. If we offer you the right to provide services to a National Account Client, you must provide the services in accordance with all of our System Standards, plus the terms, fees, and conditions that we have negotiated with the National Account Client. We may invoice the National Account Client and collect payment directly. We may also charge our then-current fees for participation in the program, including dispatch, management, declined job fees, or other processing or administrative fees. We will establish each such fee based on our costs, though they will be subject to change up to 30% per year on a compounding basis after they are established. In such cases, we will deduct from the payment any applicable fees and any amounts calculated under this Agreement on the basis of such Gross Revenue, and remit to you the balance within a reasonable time following receipt. We may set-off any amount that we owe you for

any National Account job against any amount you or your affiliates owe us and our affiliates under this Agreement or any other agreement.

11.11. Pricing

~~10.1.1 Franchisee must give Franchisor a written intent to terminate for cause specifically identifying all Defaults and providing a sixty (60) day cure period from the date of delivery of said notice to permit Franchisor to cure any Defaults, except that if any Default cannot be cured within thirty (30) days, Franchisor shall be given a reasonable time to cure such Default as long as Franchisor has initiated steps necessary to cure the Default within the sixty (60) day period. If such material breach by Franchisor is not cured within the permitted cure period, Franchisee may terminate the Agreement with Franchisor for cause.~~

You shall have the sole right to determine the prices to be charged by your Franchised Business for services offered to customers, other than prices charged to National Accounts Clients, which we will negotiate in advance with our National Accounts Clients.

11.12. Periodic Visits and Inspections

We or our designees may make periodic visits, which may be announced or unannounced, to your Franchised Business and/or any job site for services conducted by your Franchised Business. However, if your Franchised Business Office is located in your residence, we will provide notice prior to entering and inspecting the Franchised Business Office. We may take photographs, videos and otherwise monitor your Franchised Business operations, remove samples, inspect your Technology Systems, speak with your customers or personnel, and/or conduct customer surveys or other market research and testing. You agree to cooperate with us and our designees fully during all periodic visits and inspections. If we determine after any inspection that one or more failures of System Standards exist, or any circumstance exists that prevent us or our designees from properly inspecting your Franchised Business or any job site, we may re-inspect one or more times thereafter to evaluate whether such failures have been cured and/or conduct any other follow-up review that we deem is necessary, and you will reimburse all of our and our designees' costs associated with the failed inspection and/or such re-inspections and follow-up visits, including supplier fees, travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

11.13. Insurance Coverage

11.13.1. During the term of this Agreement, you must maintain in force at your sole expense the minimum types and amounts of insurance that we require as part of our System Standards. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. We reserve the right to require increased coverage if you wish to service National Accounts Clients. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Franchised Business' operation or activities of you and your personnel. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher.

11.13.2. Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must routinely furnish us copies of your Certificates

of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including termination, we may (but are not required to) obtain such insurance for you and your Franchised Business on your behalf, in which event you agree to cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee.

11.13.3. Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Franchised Business' operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Franchised Business that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

11.14. Service Warranties

11.14.1. You acknowledge and agree that certain products and services your Franchised Business provides to customers may be subject to one or more customer warranties, guarantees, commitments and/or similar customer service programs, including those offered by you and your affiliates and/or third-party service providers and manufacturers that offer products and services used by your Franchised Business (collectively, "Service Warranties"). During and after the term of this Agreement, you agree to honor all Service Warranties made to customers of your Franchised Business, including using your best efforts to assist customers of your Franchised Business tendering claims to any third-party serviced providers and manufacturers. You must obtain our approval of all Service Warranties before you offer them to customers of your Franchised Business. We may establish System Standards for any such Serviced Warranties from time to time. Notwithstanding any System Standards, approvals, or support we provide relating to Service Warranties, you acknowledge and agree that all Service Warranties offered by your Franchised Business are strictly your obligation and responsibility, and are not offered or guaranteed in any manner by us or our affiliates.

11.14.2. If you fail to honor any Service Warranties to your customers, you agree that we have the right to take any action we deem appropriate to honor such Service Warranties on your behalf, including by providing any services or products or support ourself, or through our designees, affiliates, representatives, or other franchisees, and you hereby agree to reimburse us any and all costs incurred by us, our designees, affiliates, representatives, or other franchisees. We have the right to require you to pay us a reasonable deposit or hold-back, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business. This amount would be refunded to you after expiration or termination of all Service Warranties offered by your Franchised Business, less any deductions arising if we have to honor any such Service Warranties on your behalf.

11.15. Subcontractor

~~10.1.2 A termination of this Agreement by Franchisee for any reason other than a material breach of this Agreement by Franchisor as identified in this Section 10.1 and Franchisor's failure to cure such breach within the cure period shall be deemed a termination by Franchisee without cause and a breach of this Agreement.~~

Notwithstanding anything to the contrary, you agree that you must obtain our prior written approval of any subcontractor that will be used to provide services of any kind for your Franchised Business. In addition, if you engage any subcontractor to perform other services for customers of the Franchised Business, such subcontractor must be covered by your insurance or must have the types

of insurance and amount of coverage as set forth in the Confidential Operations Manuals for all services performed. Such insurance policy must name you, your Owners, us and any affiliates we designate as additional named insureds under the policy. You shall obtain from each subcontractor a certified copy of the certificate of insurance evidencing such coverage prior to the date the subcontractors performs any services. You will also be fully liable for the actions, omissions, and performance of any and all subcontractors and their personnel. Your obligations under Section 16.2 will apply to any damages, fines, costs, expenses or liability arising from the actions, omissions or operations of your subcontractors.

12. DEFAULT AND TERMINATION

12.1. Automatic Termination

~~10.1.3 All Obligations Upon Termination (Section 11) shall be effective and valid upon Franchisee's termination whether for cause or otherwise.~~

This Agreement will terminate automatically, without notice, if you become insolvent (meaning unable to pay bills in the ordinary course of business as they become due); if a receiver of your property or any part thereof is appointed by a court; if you make a general assignment for the benefit of your creditors; if a final judgment against you remains unsatisfied of record for 30 days or longer (unless *supersedeas* bond is filed); if execution is levied against your Franchised Business or property; or if a suit to foreclose any lien or mortgage against the Franchised Business Office or service vehicle(s) is instituted against you and not dismissed within 30 days or is not in the process of being dismissed.

12.2. Termination by Franchisor

~~10.2 Termination by Franchisor with Notice and No Opportunity to Cure. The following provisions are in addition to, and not in limitation of, any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies. This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following Defaults:~~

We may terminate this Agreement, effective immediately on delivery of written notice of termination to you, if:

~~10.2.1 Franchisee becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and is not resolved favorably within 90 days. Further, if Franchisee rejects the Franchise Agreement in accordance with Bankruptcy Code provisions, whether explicitly or implicitly by failing to timely assume the obligations of this Agreement, such rejection will be deemed a de facto termination as of the date of such rejection.~~

(a) You fail to obtain our approval and commence operations of your Franchised Business by the Business Start Date on the Summary Page;

~~10.2.2 Franchisee has made any material misrepresentation or omission in the application for appointment as a Franchisee or in any report that Franchisee submits to Franchisor during the Term pursuant to this Agreement.~~

~~10.2.3 Franchisee or any Owner is indicted by a grand jury or convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages, or is repeatedly alleged to engage, in conduct (such as fraud) that reflects materially and unfavorably upon the operation and reputation of Franchisor, the System or the Franchised Business.~~

~~10.2.4 Franchisee attempts to make or makes an unauthorized assignment, encumbrance or other Transfer of Franchisee's rights or obligations under this Agreement, or attempts to make a Transfer without complying with all of the prerequisites to Transfer set forth in Section 9.2 of this Agreement.~~

~~10.2.5 Franchisee is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof subject to that agreement's terms, or is in breach of any such agreement beyond the applicable cure period (if any), in each case which shall include, but not be limited to, another franchise agreement associated with another franchise system.~~

~~10.2.6 Franchisee makes any unauthorized use of the Marks or of the Confidential Information or makes any duplication or disclosure of any Confidential Information or contents of the Manuals.~~

~~10.2.7 Franchisee violates any of the non-competition, non-disparagement, confidentiality, or other restrictive covenants of this Agreement.~~

~~10.2.8 Franchisee fails on two (2) or more separate occasions during any 12-month period to comply with the terms of this Agreement or with any mandatory specifications, standards or operating procedures that Franchisor may prescribe from time to time, regardless of whether such failures to comply are corrected after notice is delivered to Franchisee and whether such failures to comply relate to the same or different requirements of this Agreement.~~

~~10.2.9 Franchisee repeatedly conducts itself in an unprofessional and/or abusive manner to franchisor, other PatchMaster franchisees and/or customer(s) as determined by Franchisor in its sole but reasonable discretion and Franchisee has received two (2) prior written notices of such misconduct by Franchisor during the franchise relationship (whether under this Agreement or any prior or subsequent franchise agreement).~~

~~10.2.10 Franchisee fails to operate the Franchised Business for 7 consecutive days without Franchisor approval.~~

~~(b) 10.2.11 Franchisee~~Your Key Personnel fails to complete the ~~Initial~~ Training Program to ~~Franchisor's~~our satisfaction;

(c) You fail to maintain all required professional licenses, permits and certifications and do not cure such failure within 5 days;

(d) You or your Owners make any material misrepresentation or omission in your application for the franchise granted hereby, or otherwise to us in the course of entering into this Agreement;

(e) You or your Owners are convicted of or plead no contest to a felony or other crime or offense that is likely to adversely affect our reputation, you, or the operation of your Franchised Business;

(f) You or your Owners or affiliates engage in any activities, behavior or conduct that are prohibited under the covenants contained in Section 6;

(g) You abandon, fail or refuse to actively operate your Franchised Business for 5 or more consecutive days (unless approved by us in advance);

(h) You or your Owners conduct or attempt to conduct any transfer in violation of Section 14 without our prior approval;

(i) Your Franchised Business is at any time not under the full-time management and supervision of you and your Owners or a General Manager we have approved;

(j) You submit to us on two or more separate occasions at any time during the term of this Agreement any reports or other data, information or supporting records that

understate any Royalty Fee or any other fees owed to us by more than 3% for any accounting period;

(k) You misuse or make an unauthorized use of any of the Marks or System, or commit any other act which can reasonably be expected to impair the goodwill associated with any of the Marks or System;

(l) You fail to comply with any term of this Agreement two or more separate occasions within any period of 12 consecutive months, whether or not cured;

(m) You violate any health or safety law, ordinance or regulation, or operate your Franchised Business in a manner that presents an immediate health or safety hazard to your customers, employees, or the public, and do not begin to cure such violation or hazard immediately, and correct such violation or hazard within 72 hours;

(n) You or any of your Owners or affiliates fail to pay any other third-party, including any lender or creditor, any other amounts owed in connection with your Franchised Business when due, and do not cure such failure within any applicable cure period granted by such third-party, if any;

(o) You or your Owners or affiliates default under any other agreement between us or any of our affiliates and you or any of your Owners or affiliates, such that we or our affiliate, as the case may be, have the right to terminate such agreement or such agreement automatically terminates;

(p) You fail to comply with any applicable law or regulation, and fail to cure such failure within 10 days after delivery of written notice;

(q) You fail to pay any amounts due under this Agreement or fail to submit any reports due, and fail to cure such defaults within 15 days after notice default from us;

(r) You take any action that violates the territorial limitations in Section 1.2 of this Agreement;

(s) You have received more than two notices from us that you or your Owners or General Manager have acted unprofessionally or abusively towards us or our representatives, other franchisees, and/or customers, as determined in our reasonable discretion, whether in connection with your Franchised Business under this Agreement and/or any prior or subsequent franchise agreements with us or our affiliates;

(t) You fail to take any of the following actions and fail to cure such default within 15 days after delivery of written notice default: (i) use required phone numbers or services vehicles, (ii) allow us or our representatives to inspect your Franchised Business, (iii) use and maintain the required Technology Systems in accordance with our System Standards, (iv) procure or maintain the insurance as specified in Section 11.12, and/or (vi) comply with your indemnification obligations as specified in Section 16.2;

(u) You fail to attend the first franchisee meeting offered during the Term, as specified in Section 7.3.3 (as determined by us), without our prior approval;

(v) You breach any other provision of this Agreement, and fail to cure such default within 30 days after delivery of written notice of default.

12.3. Termination by Franchisee

If you are in full compliance with all of the terms of this Agreement and we materially breach this Agreement and fail to cure such breach within 60 days after receiving written notice of the claimed breach, you may elect to terminate this Agreement unless the breach cannot reasonably be cured within such 60 days. If the breach cannot reasonably be cured in such 60 days, you may elect to terminate this Agreement only if we do not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish you reasonable proof of such efforts.

12.4. Additional Remedies

~~10.2.12 Franchisee fails to adhere to any territory boundary restriction as contained in this Agreement (including conducting business in another franchisee's Licensed Service Area) after having previously received at least one (1) written notice of a territory boundary violation from Franchisor.~~

At any time that you are in default of any obligation under this Agreement, until such time as you correct the default, in addition to all other rights under this Agreement, we have the right to: (i) terminate or suspend your right to participate in any programs or benefits associated with the System, including the right to provide services to National Accounts Clients; (ii) cease selling or supplying any products or services to you for which we are an Approved Supplier, or require you to post a bond, deposit, or pay for such products in advance of processing any such order; and/or (iii) de-activate and/or otherwise limit or remove your and/or your personnels' access to our technology systems and/or reduce or suspend other benefits afforded by us to franchise owners.

~~10.2.13 Franchisee reports Gross Revenue of the Franchised Business on a timely basis on more than 2 instances in any 12 month period, or under reports Gross Revenue for any period by three percent (3%) or greater.~~

~~10.2.14 Franchisee fails to conduct the Franchised Business in accordance with all applicable laws and regulations, including paying all applicable taxes.~~

~~10.2.15 Franchisee fails to attend, without Franchisor approval, the first Franchisor offered meeting pursuant to Section 7.3.9. (annual or regional as specified by Franchisor) that occurs after Franchisee's commencement of the Franchised Business, whether such Franchised Business is a start up the business or is continuing from an assignment of an existing franchised business.~~

~~10.3 With Notice and Opportunity to Cure. The following provisions are in addition to, and not in limitation of, any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.~~

~~10.3.1 Franchisor may terminate this Agreement if Franchisee fails to perform any of the following obligation and fails to cure fully such Default with 15 days following notice to Franchisee.~~

~~(1) Franchisee fails to make any payment of money owed to Franchisor when due or fails to submit to Franchisor when due any report required pursuant to this Agreement. At Franchisor's election, in lieu of or in addition to termination, Franchisor may institute legal proceedings to recoup any outstanding money owed as provided herein at Section 4.~~

~~(2) Franchisee jeopardizes the goodwill of the Marks, the Franchised Business, the System, or the reputation of Franchisor including the unauthorized use of the Marks.~~

~~(3) Franchisee defaults in the performance of any of the obligations assumed under Section 7 of this Agreement (except as may be specifically referred to above).~~

~~10.3.2 Franchisor may terminate this Agreement if Franchisee fails to perform any obligation assumed by it under this Agreement or as required in the Manuals other than those~~

~~specifically referred to above and fails to cure fully such Default with 30 days following notice to Franchisee.~~

~~10.4 No Waiver. The description of any Default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, hearing or suit relating to this Agreement or the termination hereof.~~

13. ~~11.~~ RIGHTS AND ~~OBLIGATIONS~~DUTIES UPON ~~TERMINATION OR~~ EXPIRATION OR TERMINATION

13.1. Actions to be Taken

Upon termination or expiration, this Agreement and all rights granted hereunder to you shall terminate and you shall immediately, at your own expense:

(a) Cease to operate your Franchised Business and cease all use of the Marks and the System, unless we instruct you otherwise in connection with our exercise of our option to purchase your Franchised Business under Section 13.3;

(b) Remove all materials bearing the Marks from all equipment, service vehicles, and any and all other supplies and equipment, and take all other actions we designate to avoid association between you and your assets and us, the “PATCHMASTER®” brand and System, unless we instruct you otherwise in connection with our exercise of our option to purchase your Franchised Business under Section 13.3;

(c) Cease to represent to the public or hold yourself out as a present or former franchisee of ours, and take all action as may be necessary to cancel or assign to us, at our option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name “PATCHMASTER®” or any other Mark;

(d) Return to us or destroy, as we direct, the Confidential Operations Manual and all other Confidential Information, including records, files, brochures, agreements, customer lists and data, and any and all other materials provided by us to you relating to the operation of your Franchised Business;

(e) Cease using and, at our direction, either assign to us or deactivate any Contact Information and/or Online Presence that you used to operate your Franchised Business and/or that displays any of the Marks, in each case as we designate;

(f) Discontinue the use of all proprietary software, and continue to refrain from using any iteration of the proprietary software and/or data derived therefrom;

(g) Pay us a reasonable deposit or hold-back, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business prior to termination or expiration, which we may retain and preserve until such time as the Service Warranties are satisfied or have expired, as we determine; and

(h) Comply with all other System Standards we establish (and all applicable laws) in connection with the closure and de-identification of your Franchised Business, including as it relates to disposing of personally identifiable and other protected classes of information and data, in any form, in your possession or the possession of any of your employees.

If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies. You hereby appoint us your true and lawful attorney-in-fact to take

such actions and execute such documents on your behalf as may be required to affect the foregoing purposes.

13.2. Final Payments

~~**11.1 Payment of Amounts Owed to Franchisor.** Franchisee shall promptly pay to Franchisor within five (5) days after the effective date of termination or expiration of this Agreement all sums owing, including any amounts owed under any outstanding loan agreement or promissory note. Termination or expiration of this Agreement under any circumstances shall not relieve Franchisee of any debt, obligation, or liability of Franchisee to Franchisor that may have accrued hereunder.~~

~~**11.2 Disaffiliation with Franchised Business.** Franchisee shall assist Franchisor in every way possible to bring about an immediately effective, complete and orderly transfer of the Franchised Business. Franchisee specifically agrees that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with any Mark. Franchisee thus agrees to cooperate fully with Franchisor to assign immediately to Franchisor any and all business telephone numbers used by Franchisee and/or Franchisee's employees in connection with the Franchised Business. Such cooperation specifically includes that within five (5) days of transfer, termination or expiration of this Agreement, Franchisee must notify the telephone company and all online and other directory listing agencies, including those on the Internet, of the termination of Franchisee's right to use any telephone number and any classified or other telephone directory listing associated with the Marks and shall authorize transfer of same to franchisor or any third party designated by Franchisor.~~

~~**11.3 Marks and Proprietary Information.** After the termination or expiration of this Agreement, Franchisee shall:~~

~~**11.3.1** Immediately discontinue the use of all Marks, and any other names, marks or signs that may be confusingly similar thereto.~~

~~**11.3.2** Take affirmative steps to immediately remove all references on the Internet that identify Franchisee and its business (or former business) as being associated or affiliated with the PATCHMASTER System or Franchisor in any way whatsoever, including but not limited to directory listings, contact information or association listings, or on any website, blog, vlog, social network or other on-line venue or communication on the Internet.~~

~~**11.3.3** Immediately cease use of any item, equipment, method, process or procedure associated with the System or any of Franchisor's Confidential Information in any other business or otherwise.~~

~~**11.3.4** Immediately discontinue and return to Franchisor all supplies and materials containing any reference to Franchisor or the Marks, and to cancel any pending advertising and discontinue future advertising, print and online, which refers to or connotes any relationship, whether current or past, between Franchisee and Franchisor.~~

~~**11.3.5** Immediately discontinue and return to Franchisor any materials created by Franchisee during the Term of this Agreement containing any Marks or other proprietary or Confidential Information of Franchisor whether copyrighted or not and whether changed, improved and further developed from time to time by Franchisee. This shall include the return to Franchisor (at Franchisee's expense) the Manuals and any other materials that have been loaned to Franchisee, including copies of, or any component thereof, in any form.~~

~~**11.3.6** Maintain the confidentiality and not disclose to any person any of the Confidential Information furnished to Franchisee pursuant to this Agreement or in connection with the operation of the Franchised Business.~~

~~**11.4 No Association with Franchisor or System.** Franchisee shall not directly or indirectly at any time or in any manner identify Franchisee, its Owner or any business with which Franchisee or its Owner is affiliated, as a current or former franchisee or licensee of Franchisor, or as otherwise associated with PatchMaster or the System, or use any license issued to Franchisor or any Mark, any~~

imitation thereof or other indicia in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor.

~~**11.5 Cancel Business Names.** Franchisee shall take such action as may be required to terminate or cancel any state or jurisdictional registration or filing of any d/b/a or assumed name or trade or fictitious or equivalent name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the PatchMaster Business or System.~~

~~**11.6 Software.** Franchisee shall immediately discontinue the use of all proprietary software; and to refrain for a period of eighteen (18) months following the transfer, expiration or termination of this Agreement for any reason, or the date on which Franchisee ceases to conduct the Franchised Business, whichever is later, from using any generic version of the same software system as was used with the Franchised Business, including, but not limited to, office management software.~~

~~**11.7 Other Efforts.** Comply with all further post termination requirements as may be set forth in the Manuals.~~

~~**11.8 Non-Competition Covenants:**~~

~~**11.8.1 Definitions.**~~

~~(1) Unless otherwise specified, the term “Franchisee” as used in this section shall include, collectively and individually, all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is an Entity; and the general partners and any limited partner (including any corporation and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of securities, or an Entity that controls, directly or indirectly, any general or limited partner, if Franchisee is a partnership, and Franchisee shall cause the preceding parties to comply with the terms hereof.~~

~~(2) “Restricted Person” shall mean Franchisee, and each of its Owners, and the respective officers, directors, employees, representatives, and managers of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.~~

~~(3) “Competitive Business” shall mean any business (or division of a business) where five percent (5%) or more of its sales are derived from: (a) drywall or other types of wall repair services or products, (b) any other services or products substantially similar to those offered by the Franchised Business or that are part of the System, and/or (c) providing services, support, licenses, franchises, or other rights associated with such a business.~~

~~**11.8.2 Covenants.** The intention of the parties in this section is to limit Franchisee’s right to compete only to the extent necessary to protect Franchisor from unfair competition. Franchisee covenants that:~~

~~(1) During the Term of this Agreement, no Restricted Person shall directly or indirectly divert or attempt to divert any business or customer of the Franchised Business to any competitor of Franchisee or otherwise.~~

~~(2) During the Term of this Agreement, no Restricted Person shall, without Franchisor’s prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal Entity, conduct any Competitive Business, or own, advise, operate, engage in, provide services to, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business.~~

~~(3) Commencing upon the date of: (i) a Transfer permitted under this Agreement, as to the transferee(s), (ii) the expiration of this Agreement, or (iii) the termination of this Agreement (regardless of the cause for termination), and continuing for an uninterrupted~~

~~period of eighteen (18) months thereafter, no Restricted Person shall, without Franchisor's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal Entity, conduct any Competitive Business, or own, advise, operate, engage in, provide services to, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business at any location (a) in the LSA or within a radius of twenty five (25) miles of the Licensed Service Area described in the Data Sheet in which Franchisee's Business is located; or (b) within any other franchisee's Licensed Service Area whether franchised or owned by Franchisor or any affiliate of Franchisor, based on where the PatchMaster Business or its affiliated franchisees are operating as of the date of expiration or termination of this Agreement.~~

~~(4) Commencing upon the date of: (i) a Transfer permitted under this Agreement, as to the transferee(s), (ii) the expiration of this Agreement or (iii) the termination of this Agreement (regardless of the cause for termination), and continuing for an uninterrupted period of eighteen (18) months thereafter, no Restricted Person shall, directly or indirectly solicit or perform services for any customer of the Franchised Business or any National Account, and/or seek to divert any of the foregoing from Franchisor or its franchised system.~~

~~**11.8.3 Enforcement of Covenants.**~~

~~(1) The foregoing covenants shall be construed independently of any other covenant or provision in the Franchise Agreement. The parties expressly agree that if the scope of enforceability of the provision is disputed at any time by Franchisee, a court may modify this section to the extent that it deems necessary to make such provision enforceable under applicable law. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee shall 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 and made a part of the Franchise Agreement.~~

~~(2) In the event that Franchisee engages in the activities prohibited in this section in violation of said covenant, said eighteen (18) month period of non-competition shall extend beyond the eighteen (18) month anniversary date of termination or expiration of the Agreement for a period of time equal to the duration of Franchisee's violation of said covenant, but only to the extent necessary to ensure that Franchisee refrains from competition for a full eighteen (18) months period and not longer. In the event Franchisor seeks an injunction in court to enforce the covenant to compete, the time period during which competition is restrained shall not begin to run until the earlier of: (1) the date Franchisor obtains said injunction; or (2) the date Franchisee begins to comply with the covenant not to compete.~~

~~**11.8.4 Covenants to be Signed by Other Employees.** Franchisor reserves the right to require Franchisee's managers, employees, independent contractors and all other personnel receiving training from Franchisor to execute similar covenants in a form satisfactory to Franchisor.~~

~~**11.8.5 Modification of Covenants.** Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant or obligation of Franchisee set forth in the Franchise Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as to modified, which shall be fully enforceable.~~

12. ~~**DISPUTE RESOLUTION 12.1 Choice of Law.** This Agreement shall be interpreted and construed under the laws of the State of New Jersey. In the event of any conflict of law, the~~

~~laws of New Jersey shall prevail, without regard to the application of New Jersey of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of New Jersey, and if the Franchised Business is located outside of New Jersey and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state.~~

~~**12.2 Venue.** The Parties agree that any action brought by either Party against the other in any court, whether federal or state, shall be brought within the county in which Franchisor has its place of business at the time the action is initiated, and the Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.~~

~~**12.3 Non-exclusivity of Remedy.** Except as explicitly stated in this Agreement, no right or remedy conferred upon or reserved to Franchisor or Franchisee is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.~~

~~**12.4 Waiver; No Franchisee Right of Setoff.** In no event shall Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.~~

13.2.1. Within 5 days following expiration or termination of this Agreement, you must pay us a final payment in an amount equal to any Royalty Fees, Brand Fund Contributions, or other fees accrued and unpaid as of the date of expiration or termination.

~~**12.5 Mediation.** Each party pledges to consider mediation to resolve any applicable "Dispute," which shall mean any controversy or claim arising out of or relating to this Agreement, pursuant to non-binding mediation; provided, that nothing will limit either party's right to seek any and all available relief or remedy concurrently therewith (including under Section 12.11). Any mediation will be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association, unless the parties agree on alternative rules and a mediator within 15 days after either party first gives notice of mediation. The party initiating the Dispute will contact the other party to provide notice and to request consent to mediation. Mediation shall be conducted within the state of the Franchisor's principal place of business at the time the action is initiated (currently, New Jersey), and shall be conducted and completed within 45 days following the date either party first gives notice of mediation unless otherwise agreed to in writing by the parties. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for either party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under New Jersey and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.~~

~~**12.6 Disputes with Others.** Each party waives the right to assert that principles of collateral estoppel or issue preclusion prevent raising any claim or defense because either party lost a similar claim or defense in another action. Any ruling by a third party fact finder or court in a prior proceeding in which either party was involved (such party referred to as a "Litigant") with a third party will not prevent the Litigant from asserting similar arguments or positions in an action between the parties to this Agreement.~~

~~12.7 WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.~~

~~12.8 Limitation of Claims. Except for claims against Franchisee concerning the underreporting of Gross Revenue, for non payment of any fee due under this Agreement, intellectual property infringement/violations, claims for violation of post termination obligations, including, but not limited to, a breach of the covenant not to compete, and for claims against Franchisee by Franchisor relating to indemnification or other third party claims or suits brought against Franchisor as a result of Franchisee's operation of the Franchised Business, any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by either Party against the other, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred. The Parties hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that if of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.~~

~~13.2.2. 12.9 Liquidated Damages. If Franchisor~~If you terminates this Agreement ~~because of Franchisee's or its Owners' breach, or if Franchisee~~in any manner other than Section 12.3, or if we terminates this Agreement ~~without cause~~due to your default, the parties acknowledge and agree that it would be difficult, if not impossible, to determine the amount of damages that ~~Franchisor~~we would suffer due to the loss or interruption of the revenue ~~stream~~itwe otherwise would have otherwise derived ~~from Franchisee's continued payment of Royalty Fees and Marketing Contributions~~, through the remainder of the ~~T~~term of this Agreement. Therefore, ~~the parties~~you and we hereby agree that a reasonable estimate~~ion~~ion of such damages, less any cost savings ~~Franchisor~~we might have experienced, is an amount equal to the net present value of the Royalty Fees and ~~Marketing~~Brand Fund Contributions that would have become due had this Agreement not been terminated, from the date of termination ~~to~~until the earlier of: (a) ~~36 months~~3 years following the date of termination; or (b) the scheduled expiration of the ~~T~~term of this Agreement. For the purposes of this Section~~12.9~~, Royalty Fees and ~~Marketing~~Brand Fund Contributions will be calculated based on ~~the~~your average monthly Gross Revenue ~~of the Franchised Business~~ during the 12 full calendar months immediately preceding the ~~termination date~~; provided: (a) ~~that if as of the termination date, the~~last day of regular operations of your Franchised Business ~~has not been~~; provided, that if your Franchised Business was not operating for ~~at least a full~~ 12 months, ~~Royalty Fees and Marketing Contributions will be calculated as of such date, such calculations will be~~ based on the average monthly Gross Revenue of all PatchMaster Businesses ~~operating during the~~ our fiscal year immediately preceding the termination date; ~~and (b) for the purpose of calculating the Royalty Fee, the Minimum Royalty Fee will be based on the amount applicable to the 36 months following the termination date.~~ You must pay us the foregoing amounts within 15 business days of termination of this Agreement. You and we agree that the calculation described in this Section is a calculation only of the lost revenue to us from Royalty Fees and Brand Fund Contributions based on the early termination, and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

13.3. Our Option to Purchase Certain Business Assets

We have the right but not the obligation, for 30 days after termination or expiration of this Agreement, to purchase any or all assets of your Franchised Business including service vehicles, service tools and equipment, supplies and other inventory. The purchase price for the assets will be equal to their depreciated book value, excluding any value attributable to the Marks, the System, and/or participation in our franchise system. If we and you cannot agree on fair market value, fair market value will be determined by an independent accredited appraiser we appoint, which appraiser will be bound by the criteria for the purchase price described herein, and you and we will share

equally the cost of such appraiser. If we elect to exercise our option to purchase any or all assets of your Franchised Business, we have the right to set off all amounts due from you or your affiliates to us or our affiliates, if any, against the purchase price. If we purchase any or all assets of your Franchised Business, we are entitled to all customary warranties and representations, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. We have the unrestricted right to assign our option to purchase.

13.4. Interim Operations

13.4.1. We have the right, but not the obligation, to operate your Franchised Business on an interim basis, or to appoint a third party to operate your Franchised Business on an interim basis: (1) if you abandon or fail actively to operate your Franchised Business for a period of more than 5 consecutive days; (2) at any time after the death or incapacity of you (if you are conducting business as an individual) or any of your Owners (if you are conducting business as an Entity), if your Franchised Business is at any time not being managed properly, as required by Section 14.2.6; or (3) if this Agreement expires or is terminated and we are transitioning your Franchised Business operations to us or another person we designate, or determining whether to do so.

13.4.2. If we elect to operate your Franchised Business on any interim basis, you must cooperate with us and our designees, continue to support the operations of your Franchised Business, and comply with all of our instructions and System Standards, including making available any and all books, records, and accounts. You understand and acknowledge that during any such interim period, you are still the owner of your Franchised Business, and you continue to bear sole liability for any and all accounts payable, obligations, and/or contracts, and all obligations to your vendors, employees, and contractors, and any and all sales tax, income tax, and other taxes and charges arising from the Gross Revenue of your Franchised Business, in each case unless and until we expressly assume them in connection with the purchase of your Franchised Business under Section 13.3.

13.4.3. If we or our designee operate your Franchised Business on an interim basis, you acknowledge that we or our designee will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services purchased while we or our designee manage it. You understand that we are not required to use your employees, vendors, or contractors to operate your Franchised Business. You also agree that we may elect to cease such interim operations of your Franchised Business at any time with notice to you.

13.4.4. During any time period that we elect to operate your Franchised Business on any interim basis, we will collect the Gross Revenue in an account we designate, which may be your business account and/or the business account of us or one of our affiliates or designees. We will account for and deduct from such Gross Revenue all operating expenses of your Franchised Business, including: (a) any applicable Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates, and (b) any and all of our and our affiliates' and our designees' costs and expenses arising from such interim operations, which you hereby agree that you will reimburse in full as an operating expense of your Franchised Business. Any and all Gross Revenue that exceeds the expenses of your Franchised Business during the period of interim operations, as we determine and calculate, will be retained by us in full and will become our property, as consideration for the interim operations that we are providing. If the Gross Revenue derived from operations of your Franchised Business is less than the amount of the associated expenses during the time of any interim operations, you are solely directly responsible for the balance of all such expenses and costs,

including reimbursement of our and our affiliates' and designee's costs and expenses, and payment of any Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates. We may collect any amounts owed to us, our affiliates, or designees directly from any collected Gross Revenue, and/or pay over such amounts to us to us, our affiliates, or designees in any manner.

13.4.5. Our decision to operate your Franchised Business on an interim basis will not affect our right to terminate this Agreement under Section 12.2. Your indemnification obligations set forth under Section 16.2 will continue to apply during any period that we or our designee operate your Franchised Business on an interim basis.

13.5. Survival of Certain Provisions

All obligations under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire, including the following provisions, which the parties agree will survive termination or expiration hereof, without limiting the generality of the foregoing: Section 5.1 (Intellectual Property), Section 5.2 (Images of you and Your Business), Section 5.3 (Proprietary Software), Section 6 (Covenants), Section 10.4 (Information Security), Section 11.14 (Service Warranties), Section 13 (Rights and Duties Upon Expiration or Termination), Section 16 (Relationship and Indemnification), Section 17 (General Conditions and Provisions), and Section 18 (Dispute Resolution).

14. TRANSFERABILITY OF INTEREST

14.1. Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by us and such rights will inure to the benefit of any person to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee shall assume our obligations hereunder and we will thereafter have no liability for the performance of any obligations contained in this Agreement. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations; provided, that such delegation will not relieve our obligations under this Agreement.

14.2. Transfer by Franchisee

14.2.1. Your rights and duties as set forth in this Agreement, and the franchise herein granted, are personal to you (or your Owners), and we have entered into this Agreement in reliance upon your (and your Owners) personal or collective skills, experience, character, aptitude, and financial ability. Accordingly, without our prior written approval, neither you nor any Owner may, voluntarily or involuntarily, directly or indirectly, sell, assign, convey, gift, give away, pledge, mortgage, sublicense, or otherwise transfer or encumber, whether by operation of law or otherwise: (a) this Agreement or any interest in this Agreement, (b) the franchise granted hereby, (c) all or substantially all of the assets of your Franchised Business, or (d) any direct or indirect ownership interest in you, your franchise rights under this Agreement, or your Franchised Business, including any right to share in the governance or profits thereof, and/or the management and/or control thereof. A transfer of your Franchised Business' ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement.

14.2.2. We will review each transfer in our sole discretion, and may condition our approval on any factors we determine, including that:

(a) All obligations owed by you or your affiliates to us and our affiliates, and all other outstanding obligations relating to your Franchised Business, are fully paid and satisfied;

(b) You and your Owners have materially complied with this Agreement during the term hereof, and you and your Owners are not at the time you request consent for the transfer (or at any time between the date of such request and the time of the transfer) in violation of any term of this Agreement;

(c) You and your Owners, and the prospective transferee and its owners, each sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including a general release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable law) against us and our affiliates;

(d) You comply with our then-current transfer procedures, including that we may request you to submit an application in writing, and/or that the prospective transferee and its owners satisfy certain application and certification requirements;

(e) We determine that the prospective transferee, its owners, and representatives (including, its designated manager, if applicable) satisfy our criteria for new franchisees, including that we have approved any premises that will be used by the prospective transferee to operate your Franchised Business;

(f) We determine that the terms of the transfer are not detrimental or unfavorable to your Franchised Business or our rights, including that the terms of any financing will not adversely affect the operation of your Franchised Business, and/or that any obligations between the buyer and seller being subordinate to the franchise obligations owed to us or our affiliates;

(g) The prospective transferee expressly assumes in writing, in a form we approve, any and all outstanding Service Warranties for your Franchised Business;

(h) The prospective transferee and its owners execute the form of franchise agreement associated agreements, instruments, and documents then being required for new franchisees and owners, as applicable, which may be substantially different from this Agreement, and may include a different Royalty Fee, Brand Fund Contribution rates and other material provisions; provided, the initial term of such franchise agreement shall be the remaining term of this Agreement, and all renewal terms shall be governed by any remaining renewal terms hereunder, and the LSA(s) shall be the same as the LSA(s) granted pursuant to this Agreement;

(i) You, or the prospective transferee, pay us a transfer fee in the amount stated in the Summary Page, however, the fee will be waived if the transferee is an existing franchisee, though you or the transferee will remain responsible for our out-of-pocket costs;

(j) The prospective transferee and its key personnel complete, to our satisfaction, our then-current initial training program; and

(k) You provide us the evidence we reasonably request to show that appropriate measures have been taken to effect the transfer as it relates to the operation of your Franchised Business, including by transferring all necessary and appropriate business

licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

14.2.3. We may review all information regarding your Franchised Business that you give the prospective transferee, correct or supplement any information that we believe is inaccurate or incomplete, and give the prospective transferee copies of any reports regarding your Franchised Business. Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the prospective transferee, a guarantee of your Franchised Business' or prospective transferee's prospects of success, or a waiver of any claims we have against you or your Owners, or of our right to demand the prospective transferee's full compliance with this Agreement.

14.2.4. Notwithstanding anything to the contrary, if you enter into this Agreement as an individual, if you and your Owners are in full compliance with this Agreement, you may transfer this Agreement to an Business Entity in which you maintain management control, and of which you own and control 100% of all outstanding ownership, beneficial, and voting interests; provided, that (i) that Business Entity will own all of your Franchised Business' assets, and will conduct all of your Franchised Business' business, (ii) that Business Entity will conduct no business other than your Franchised Business, (iii) that Business Entity must expressly assume all of your obligations under this Agreement and all Service Warranties, (iv) you provide us with all organizational documents for the Business Entity that we require, and (v) you reimburse us for any direct costs we incur in processing such transfer, including attorneys' fees. You agree to remain personally liable under this Agreement as if the transfer to the Business Entity did not occur, including by signing a personal guaranty of the obligations of such Business Entity. You must also sign transfer documents satisfactory to us to document the transfer, which may include a release of any and all claims by you and your affiliates (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our affiliates.

14.2.5. You may not use the Marks to advertise or solicit offers for any prospective transfer that would require our consent under this Section 14.2, including that you may not list any interests or assets the transfer of which would require our consent under this Section 14.2 for sale with any broker, listing agent, or listing directory without our approval.

14.2.6. Upon the death or incapacity of you (if you are an individual) or any Owner (if you are a Business Entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in your Franchised Business or in you to a third party approved by us pursuant to the terms of this Agreement. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by applicable law. During such 180-day period, your Franchised Business must remain at all times under the primary management of a General Manager who we have approved. For the purposes of this Agreement, "incapacity" means the inability of such person to fulfill their obligations under this Agreement, as applicable, including by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation.

14.3. Right of First Refusal

14.3.1. If you, or any of your Owners, proposes to conduct any transfer that would require our consent under Section 14.2, you agree to obtain and deliver to us a bona fide, executed written offer or proposal from the prospective transferee, along with all pertinent documents including any contract or due diligence materials. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of you or any of your owners. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price.

14.3.2. We will have a right of first refusal, exercisable by written notice to you, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer; provided, that: (a) we notify you within 30 days after we receive a copy of the offer and all other documents and information we have requested that we are electing to exercise our right of first refusal hereunder; (b) we may substitute cash for the fair market value of any form of payment proposed in such offer; (c) our credit shall be deemed at least equal to the credit of any proposed buyer; (d) we receive from you all customary representations and warranties from the seller of the assets or such interests, including relating to title, ownership, condition, encumbrances, liabilities, and authority. After exercising this right of first refusal, we will have up to 60 days to close the purchase. We have the unrestricted right to assign any or all of this right of first refusal.

14.3.3. If we do not exercise our right of first refusal on the terms above, the offer or proposal may be accepted by you or any of your Owners, subject to our prior written approval as required under Section 14.2. Should the sale fail to close the transaction within 120 days after the offer is delivered to us, or if there is a material change to the terms of the sale (which you agree to notify us of promptly), we will have an additional right of first refusal under this Section.

15. OWNERS OF FRANCHISEE

15.1. Your Ownership Information

You represent and warrant to us that the information on Exhibit 2 is an accurate and complete description of: (a) each person who signs this Agreement as franchisee, if you are the sole proprietorship; or (b) each person who holds a direct or indirect ownership, voting, or beneficial interest in you, if you are a Business Entity (each an “Owner”).

15.2. Your Business Entity

If you enter this Agreement as a corporation, limited liability company, limited partnership or other legal entity or organization (each a “Business Entity”), you represent and warrant to us that you are validly existing and in good standing under the laws of the state of your incorporation or formation, and have the authority to execute this Agreement, and perform your obligations under this Agreement. You agree to maintain organizational documents at all times that state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement’s restrictions. You agree that your Franchised Business will be the only business that such Business Entity operates unless we approve you to acquire and operate additional PatchMaster Businesses. Any decision made by any of your Owners will be final and binding on you. If you have more than one Owner, we may rely on the decision of any such Owner, and we will be entitled to rely solely on the decision of any Owner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of any such Owner. Your Owners

must have full corporate power and authority to enter into the Franchise Agreement and any other documents to which you are a party, and to make binding decisions on your behalf.

15.3. Guaranty by Owners

Each of your Owners and their respective spouses must execute a guaranty in the form we prescribe, agreeing to be personally bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us and/or our affiliates. Our current form of guaranty is attached hereto as Exhibit 1.

16. RELATIONSHIP AND INDEMNIFICATION

16.1. Relationship

~~12.10 Calculation of Damages. If Franchisee fails to make any payment of money owed to Franchisor when due, or fails to submit to Franchisor when due any report required pursuant to this Agreement, and such default is not fully cured within fifteen (15) days after Franchisor gives notice of such default, Franchisor may commence other legal proceedings as provided herein to recoup the outstanding debt. In the event Franchisee has failed to submit timely reports upon which the outstanding debt can be properly calculated, Franchisor may calculate amounts due based on Franchisee's average monthly Gross Revenue as determined by the preceding eighteen (18) month period. In the event Franchisor chooses to utilize this aforementioned remedy, it in no way waives the right to terminate this Agreement.~~

This Agreement is purely a contractual relationship between the parties and does not appoint or make you an agent, representative, joint venturer, partner, or employee of ours for any purpose whatsoever. You may not represent or imply to third parties that you are an agent of ours, and you are in no way authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. During the term of this Agreement, you shall hold yourself out to the public only as a franchisee and an owner of your Franchised Business operating your Franchised Business pursuant to a franchise from us. Under no circumstances shall we be liable for any act, omission, contract, debt, nor any other obligation of yours, or for any injuries to persons or property resulting from your Franchised Business. Any third-party contractors and vendors retained by you are independent contractors of yours alone. This Agreement does not establish a fiduciary relationship between the parties.

16.2. Indemnification

During and after the term of this Agreement, you hereby agree to hold harmless and indemnify us, our affiliate, and all of our and their owners, holders of a legal or beneficial interest, officers, directors, executives, managers, employees, agents, successors and assigns from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees) incurred in connection with any action, suit, demand, claim, obligations, investigation or proceeding, or any settlement thereof, which arises from or is based upon your, your Owners', your affiliates', or your or their employees' or other representatives': (a) ownership or operation of your Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between you and your affiliates and us or our affiliates; (d) your employees or employment practices; and/or (e) acts, errors, omissions, negligence, or misconduct of any kind. Each indemnified party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. An indemnified party need not seek recovery from any insurer or other

third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity.

17. GENERAL CONDITIONS AND PROVISIONS

17.1. No Waiver

17.1.1. No failure of ours to exercise any power reserved to it hereunder, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Waiver by us of any particular default by you shall not be binding unless in writing and executed by us and shall not affect nor impair our right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by us of any payment(s) due shall not be deemed to be a waiver by us of any breach by you of any terms, covenants or conditions of this Agreement. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of 10 days' prior written notice.

17.1.2. The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17.2. Notices

All notices required or permitted under this Agreement shall be deemed received by the earlier of the time actually delivered to the recipient party (or to an officer, director, or partner of the recipient party), or as follows: (a) on the day of transmission by e-mail or other reasonably reliable electronic communication system, if received during ordinary business hours, otherwise the following business day; (b) the next business day after being sent via guaranteed overnight delivery by a commercial courier service; or (c) five business days after being sent by Registered Mail, return receipt requested. Any notice that we send to you by electronic means will be deemed delivered if it is delivered to the email address listed on the Summary Page, and/or any email address listed for any of your Owners listed on the Summary Page. All notices, payments, and reports required by this Agreement shall be sent to us or you at the Franchised Business Office. Either party may change its address by a written notice sent in accordance with this Section 17.2.

17.3. Entire Agreement

This Agreement, including its exhibits, constitutes the entire, complete, and fully integrated agreement between us and you concerning the subject matter hereof, and supersedes all prior representations, promises, and agreements. No amendment, change or variance from this Agreement shall be binding on either party unless memorialized in a writing executed by both parties. Nothing in this or any related agreement, however, is intended to disclaim any representations we made in the franchise disclosure document that we furnished to you.

17.4. Severability

17.4.1. Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If we determine that a finding of invalidity adversely affects the basic consideration of this Agreement, we have the right to, at our option, terminate this Agreement.

17.4.2. If any of the covenants contained in Section 6 is deemed unenforceable by virtue of its scope, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

17.4.3. If any applicable and binding law of any jurisdiction requires more notice of this Agreement's termination or of our refusal to enter into a renewal franchise agreement than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law, ordinance, rule or regulation will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety.

17.5. Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "affiliate" means any person or Business Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term "control" means the power to direct or cause the direction of management and policies. The use of the term "including" in this Agreement, means in each case "including, without limitation." The term "person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

17.6. Third-Party Beneficiaries

Except as expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or Business Entity other than us or you, and our and your respective successors and assigns any rights or remedies under this Agreement.

17.7. Execution

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature.

18. DISPUTE RESOLUTION

18.1. Arbitration

18.1.1. All controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates); (2) our relationship with you or the franchise granted hereby; (3) the scope or validity of this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of this arbitration provision, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the “AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our (or our successor’s or assign’s, as applicable) then current principal place of business (currently, Chester, New Jersey). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator’s awards may be entered in any court of competent jurisdiction.

18.1.2. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys’ fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys’ fees, incurred in connection therewith.

18.1.3. In any arbitration proceeding, each party will be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.

18.1.4. Arbitration proceedings will be conducted on an individual basis. no arbitration proceeding may be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on behalf of any party by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

18.1.5. In any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to

achieving an efficient and economical resolution. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain and shall not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit shall be propounded, unless the parties mutually agree.

18.1.6. The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect and survive the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

18.2. Injunctive Relief

~~12.11 Injunctive Relief. Franchisee expressly consents and agrees that Franchisor may, in addition to any other available remedies, obtain an injunction and/or temporary restraining order to terminate or prevent the continuation of any existing default or violation, and to prevent the occurrence of any threatened default or violation by Franchisee of this Franchise Agreement. Nothing in this Agreement, including Section 18.1, bars our right to obtain specific performance of the provisions of this Agreement and injunctive or other equitable relief against threatened conduct that will cause us, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. Franchisee You agrees that Franchisor we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. Franchisee You agrees that Franchisor we will not be required to post a bond to obtain injunctive relief and that Franchisee's your only remedy if an injunction is entered against it you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).~~

18.3. Cost of Enforcement or Defense

The prevailing party in any dispute or proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such dispute or proceeding.

18.4. Choice of Law

~~12.12 Costs of Enforcement or Defense. If Franchisor or Franchisee is required to enforce this Agreement, in any forum, judicial proceeding or appeal thereof, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accounting and attorneys' fees (whether such fees be incurred by outside counsel or a staff attorney), administrative charges, and any other costs and expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement. No sum for attorneys' fees shall be counted and calculated in the amount of judgment for purposes of determining whether a Party is entitled to recover its costs or attorneys' fees. If Franchisor incurs any other expense in connection with Franchisee's failure to pay when due amounts owing to Franchisor; to submit when due any reports, information or supporting records; failure to comply with post termination obligations, including the covenant not to compete; or any other failure to comply with this Agreement, Franchisee shall reimburse Franchisor for any such costs and expenses that it incurs including but not limited to attorneys' and accounting fees and collection agency fees. Further, all outstanding amounts due to Franchisor shall, at Franchisor's election, accrue interest at a per annum rate of one and a half percent (1½ %) per month or the~~

~~maximum permitted by law, whichever is greater, to compensate Franchisor for costs incurred when payments or reports are received late.~~

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.). Except to the extent governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.), the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et. seq.), or other federal law, this Agreement (or any other agreement between us and our affiliates and you and your affiliates), the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of New Jersey, without regard to its conflict of laws rules; provided, however, that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

18.5. Consent to Jurisdiction

~~**12.13 Survival.** All rights and obligations contained in this Agreement that expressly or by their nature survive the transfer, expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the transfer, expiration or termination of this Agreement until they are satisfied in full or by their nature expire.~~

Subject to Section 18.1, we and you agree that all controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates) or our relationship with you must be commenced exclusively in state or federal court closest to our (or our successor's or assign's, as applicable) then-current principal place of business (currently, Chester, New Jersey), and the parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, the parties agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you or your Franchised Business or your LSA(s) are located.

18.6. Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy.

18.7. Limitation of Claims

EXCEPT FOR CLAIMS ARISING FROM YOUR NON PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS A PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

18.8. Limitation of Damages

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16.2, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE

LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

18.9. Waiver of Jury Trial

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.

18.10. Class Action Waiver

~~12.14 WAIVER OF CONSOLIDATED CLAIMS. THE PARTIES~~ WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN ~~FRANCHISOR (OR US AND~~ ANY OF ~~ITS~~OUR AFFILIATES, OR ~~ITS~~OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES), ON THE ONE HAND, AND ~~FRANCHISEE'S OR ITS OWNERS:~~YOUR (OR ~~ITS~~YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON ~~FRANCHISEE'S OR ITS OWNERS:~~YOUR BEHALF BY ANY ASSOCIATION OR AGENTT.

[Signature Page to Follow]

13. GENERAL

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

~~13.1 Grammar, Section Headings and Schedules.~~ The singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires. Section headings are for convenience of reference only and shall not be construed as part of this Agreement nor shall they limit or define the meaning of any provision of this Agreement. The terms of all Schedules attached to this Agreement are incorporated into this Agreement by reference.

~~13.2 Non-Waiver.~~ No failure by either Party to take action on account of any default of the other Party, or of a similar default of another franchisee, whether in a single instance or repeatedly, and no course of dealing of the Parties or by Franchisor with other franchisees in variance with the terms hereof constitutes a waiver of any such default or of the performance required of either Party by this Agreement. No express waiver by either Party of any provision or performance under this Agreement or of any default by the other Party constitutes a waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving Party. Franchisor may in its discretion elect from time to time to waive obligations of Franchisee under this Agreement upon such terms and conditions as Franchisor determines in its discretion. No acceptance of performance or payments from Franchisee shall be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms or conditions of this Agreement. No mediation shall delay, suspend, or prevent either Party from exercising its right to terminate this Agreement at the time and in the manner set forth in Section 10 of this Agreement.

~~13.3 Invalidity and Severability.~~ If any provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or to be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision had been included in this Agreement as so modified in scope or application, or had not been included in this Agreement, as the case may be, it being the stated intention of the Parties that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained in this Agreement, either excluding such provisions, or including such provisions only to the maximum scope and application permitted by law, as the case may be.

~~13.4 Notices.~~ All notices shall be in writing and shall be served in person, by overnight delivery or express mail, by certified mail or by electronic transmission delivery. Service shall be deemed conclusively made: (i) at the time of service, if personally served; (ii) twenty four (24) hours (exclusive of weekends and national holidays) after delivery if by overnight delivery or express mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States regular mail, properly addressed and postage prepaid, return receipt requested; and (iv) one (1) business day after email or other electronic transmission.

Any notice or demand to Franchisor shall be given to:

- Paul Ferrara

FRANCHISOR:

PatchMaster Franchise, LLC

FRANCHISEE:

(insert legal name)

Sign: _____

Sign: _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

PatchMaster Franchise, LLC d/b/a PatchMaster
88 East Main Street, Suite H #345
Mendham, NJ 07945
Email: pferrara@patchmaster.com

~~Any notice to Franchisee shall be given at the address appearing on the Data Sheet, unless and until a different address has been designated by written notice to the other Party. Any Party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other Party.~~

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND PERSONAL UNDERTAKING

THIS UNLIMITED GUARANTY AND PERSONAL UNDERTAKING (this “Guaranty”) is executed and delivered to Franchisor to be effective as of the effective date of the Franchise Agreement (defined below). Each of the undersigned make the following representations and warranties to Franchisor, and agree to the following:

1. I have read the franchise agreement between PatchMaster Franchise LLC (“Franchisor”) and _____ (the “Franchisee”) together with any associated exhibits, agreements, addenda, riders, and other instruments (together, the “Franchise Agreement”) and am familiar with its terms (capitalized terms not defined herein will have the meaning in the Franchise Agreement).

2. I own a beneficial interest in the Franchisee and/or the Franchised Business, and/or would be considered an “Owner” within the definition contained in the Franchise Agreement.

3. I understand that, were it not for this Guaranty, Franchisor would not have agreed to enter into the Franchise Agreement.

4. I agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including that without limiting the foregoing, I will comply with all of the covenants of confidentiality, exclusivity, non-interference, and non-disparagement contained in Section 6 of the Franchise Agreement.

5. I will comply with all of the provisions contained in Section 14 of the Franchise Agreement concerning the transfer of any interest I may have in the Franchised Business or the Franchisee.

6. I agree that the provisions contained in Section 18 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty, including the requirement to arbitrate all claims under Section 18.1. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its attorneys’ fees and costs.

7. I hereby personally and unconditionally guarantee to Franchisor and its successors and assigns the punctual and full payment of all amounts owed by the Franchisee under the Franchise Agreement. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee or any other guarantor or person before seeking recovery from me under this Guaranty.

8. No modification, change, impairment, or suspension of any of Franchisor’s rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee’s obligations, I agree that Franchisor’s release of such security will neither affect my liability under this Guaranty or be asserted as a defense to enforcement of this Guaranty.

9. I hereby waive: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right I may have to require that an action be brought against Franchisee or any other person as a condition of my

liability; (e) any and all other notices and legal or equitable defenses to which I may be entitled; and (f) defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

10. My liability under this Guaranty shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

11. I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT.

12. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

13. This Guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of the Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither my obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for enforcement.

14. If more than one person has personally guaranteed any performance under and/or agreed to be bound by the Franchise Agreement, my liability with such person shall be joint and several with such guarantors, parties, and the Franchisee.

15. This Guaranty shall be binding on me and my heirs, executors, administrators, and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, I warrant and agree that my death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that my estate and heirs shall continue to be liable hereunder with respect to any obligations guaranteed hereunder.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if the Franchisee is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such guarantor (or on such guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

By signing below, any undersigned spouse acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to guarantor's performance of this Guaranty. Each guarantor represents and warrants that, if no signature appears below for such guarantor's spouse, such guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

[SIGNATURE PAGE TO FOLLOW]

~~**13.5 Entire Agreement.** This Agreement, any documents executed contemporaneously herewith that expressly reference this Agreement and any documents referred to in this Agreement constitute and contain the entire Agreement and understanding of the Parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to in this Agreement. This Agreement supersedes and extinguishes any prior written agreement between the Parties relating to the subject matter hereof, provided that it shall not abrogate, impair, release or extinguish any debt, obligation or liability otherwise existing between the Parties. This Agreement may not be modified or amended except by a written amendment executed by both Parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document.~~

IN WITNESS WHEREOF, each of the undersigned has affixed his signature to be effective as of the Effective Date.

~~**13.6 Relationship of Parties.** Nothing contained in this Agreement shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary relationship, and Franchisee shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of Franchisor or any affiliate of Franchisor. With respect to all matters pertaining to the operation of the Franchised Business, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts. Franchisee is the independent owner of its business, shall be in full control of its day-to-day operations, and shall conduct such business in accordance with its own judgment and discretion, subject the provisions of this Agreement and any applicable Manual to the extent necessary for Franchisor to protect the integrity of the Marks and the PATCHMASTER brand. Franchisee shall conspicuously identify itself as the independent owner of its business and as an independent franchisee of Franchisor. Neither Party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the others nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of the Franchised Business, whether caused by Franchisor's negligent or willful action or failure to act.~~

<u>GUARANTOR(S)</u>	<u>SPOUSE(S)</u>
----------------------------	-------------------------

<u>Sign:</u> <u>Name:</u>	<u>Sign:</u> <u>Name:</u>
<u>Sign:</u> <u>Name:</u>	<u>Sign:</u> <u>Name:</u>
<u>Sign:</u> <u>Name:</u>	<u>Sign:</u> <u>Name:</u>

~~**13.7 Compliance with Applicable Law.** If any applicable statute, law, rule, regulation, ordinance, policy and procedure established by any governmental authority, governing the operation of the Franchised Business as in effect on the Effective Date, as may be amended, supplemented or enacted from time to time (“Applicable Law”) requires a greater prior notice of the termination of, or refusal to renew, this Agreement than is required under this Agreement, the prior notice or other action required by such Applicable Law shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such Applicable Law.~~

~~**13.8 Covenant of Good Faith.** If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.~~

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

FRANCHISE OWNERS

(a) You operate as the following (please complete):

- Sole Proprietorship
- Business Entity formed in the State of _____

(b) The following is a list of your Owners:

<u>Name</u>	<u>Home Address</u>	<u>Telephone Number</u>	<u>Email Address</u>	<u>% of Ownership</u>

(c) The following individuals of your officers, managers, or other governing persons:

<u>Name</u>	<u>Home Address</u>	<u>Telephone Number</u>	<u>Email Address</u>	<u>Title</u>

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
PATCHMASTER FRANCHISE, LLC (“PAYEE”)

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, “debits”) drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. This authority is to remain in full force and effect until Depository has received joint written notification from Payee and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. The Depositor agrees with respect to any action taken pursuant to the above authorization:

- 1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- 2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- 3) To defend at Depositor’s own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (Bank Name): _____ Bank Account Name: _____

Bank Acct #: _____ Routing # _____

(Please attach one voided check for the above account)

Depositor:

Depository:

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

~~13.9 Counterparts and Electronic Copies.~~ This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

STATE-SPECIFIC RIDERS TO FRANCHISE AGREEMENT

The state-specific terms below will apply to this Agreement and modify the terms to this Agreement, if the transaction satisfies the jurisdictional requirements described below for any particular state law and is not otherwise exempt from such law. The provisions of multiple states may apply.

~~13.10 Acknowledgments.~~ The following provision applies if you or the franchise granted hereby are subject to the franchise ~~registration or disclosure~~ laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: 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.

~~13.11 Atypical Terms.~~ Franchisee and its Owners acknowledge and agree that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time and those offers may have different terms, conditions, and obligations than the terms, conditions, and obligations in this Agreement. Franchisee and its Owners further acknowledge and agree that Franchisor has made no warranty or representation that all Franchise Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the Effective Date with other franchisees in a non-uniform manner.

~~13.12 Anti-Terrorism Laws.~~ Franchisee shall comply with, and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the "**Anti-Terrorism Laws**," which shall 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 any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war. Franchisee and its Owners certify, represent and warrant that none of their property or interests is subject to being blocked under any of the Anti-Terrorism Laws and that neither Franchisee nor its Owners are otherwise in violation of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's employees or any "blocking" of Franchisee's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Franchisee has entered into with Franchisor or any of its affiliates, in accordance with the provisions of this Agreement. Franchisee shall notify Franchisor by telephone within 24 hours, and confirm in writing within 2 days after receiving notice of an investigation or violation of any Anti-Terrorism Laws, and notify Franchisor in writing within 3 days of the commencement of any other

~~litigation or proceeding that may adversely affect the operation or financial condition of the Franchised Business.~~

~~**13.13 State Specific Addenda.** The state specific addenda included in Schedule 3 are an integral part of this Agreement. If Franchisee is a resident of one of these states, the applicable state law addendum included in Schedule 3 amends this Agreement.~~

~~**{Signature Page Immediately Follows}**~~

~~IN WITNESS WHEREOF~~, the Parties have executed this Agreement as of the date first shown above.

FRANCHISOR:

~~PATCHMASTER FRANCHISE, LLC, a Delaware limited liability company~~

By: _____

Its: _____

Date: _____

FRANCHISEE:

~~an individual~~

~~a _____ general partnership~~

~~a _____ limited partnership~~

~~a _____ limited liability company~~

~~a _____ corporation~~

By: _____

Its: _____

Date: _____

SCHEDULE 1
DATA SHEET

~~1. Initial Franchise Fee.~~ _____

~~2. Franchise Location.~~ The Franchised Location is: _____

~~Licensed Service Area.~~ The Licensed Service Area under this Agreement shall mean:

~~LSA 1:~~

~~Total population in LSA 1:~~

~~3. Agreement Effective Date.~~ The term of this Agreement shall commence on the following date: _____

~~4. Business Start Date.~~ The Business Start Date by which Franchisee hereby agrees to commence operations hereunder shall be no later than _____.

~~5. Minimum Effective Date:~~ Franchisee agrees that the Monthly Minimum Royalty Fee identified below shall begin on: _____ (“Minimum Effective Date”).

~~6. Monthly Minimum Royalty Fee.~~ Beginning on the Minimum Effective Date, Franchisee must begin to pay a monthly Minimum Royalty Fee (as applicable) as follows:

Starting Date	Minimum Monthly Royalty Fee
-mm.dd/yyyy	Four Hundred Dollars (\$400.00) per month
-mm.dd/yyyy	Five Hundred Dollars (\$500.00) per month
-mm.dd/yyyy	Six Hundred Dollars (\$600.00) per month

~~Because payments are due by the 10th of the month following the Reporting Period, this means that for every month beginning on the 10th of Month, Franchisee shall pay monthly the greater of the applicable Percentage Royalty Fee or the Minimum Royalty Fee.~~

~~7. Monthly Technology Fee:~~ _____

~~8. RightTrack Start-Up Package Cost:~~

~~Tools & Materials: \$12,000~~

~~Grand Opening Marketing: \$16,850~~

~~Total: \$28,850~~

~~Package To be paid on or before~~ _____

~~9. Franchisee Information.~~ Franchisee represents and warrants that the following ownership information is accurate and complete in all material respects:

~~a. If Franchisee is/are natural person(s), please identify all people who are Owners here:~~

NAME	ADDRESS	PERCENTAGE OWNERSHIP INTEREST

~~b. Franchisee Entity.~~ If Franchisee is an Entity, identify name of Franchisee Entity:

~~Franchisee represents and warrants that the following information is accurate and complete in all material respects:~~

~~—Franchisee is a (check as applicable):~~

~~an individual~~

~~a _____ general partnership~~

~~a _____ limited partnership~~

~~a _____ limited liability company~~

a _____ corporation

Other _____

Franchisee shall make available to Franchisor a true and accurate copy of its entity records: Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof and any amendments to the foregoing (“Entity Records”).

Franchisee Entity has the following Owners having the respective ownership interest identified:

NAME	ADDRESS	PERCENTAGE OWNERSHIP INTEREST

If the Owners identified above will not all be devoting their full time to the Franchised Business (i.e., passive owners), identify the names, addresses and titles of Franchisee’s Owners who will be devoting their full time to the Franchised Business:

NAME	ADDRESS	PERCENTAGE OWNERSHIP INTEREST

FRANCHISOR:

PATCHMASTER FRANCHISE, LLC, a Delaware limited liability company

By: _____

Its: _____

Date: _____

FRANCHISEE:

an individual

a _____ general partnership

a _____ limited partnership

a _____ limited liability company

a _____ corporation

By: _____

Its: _____

Date: _____

SCHEDULE 2
PERSONAL GUARANTY OF PAYMENT AND PERFORMANCE

As an inducement to ~~PATCHMASTER FRANCHISE, LLC~~, a Delaware limited liability company (“~~Franchisor~~”), to execute the Franchise Agreement with Franchisee as identified on the Data Sheet at Schedule 1, and in consideration of Franchisor executing the Franchise Agreement, Guarantors jointly and severally agree as follows:

A. ~~Guarantors shall pay or cause to be paid to Franchisor all monies payable by Franchisee under the Franchise Agreement on the date and in the manner required for payment.~~

B. ~~Guarantors unconditionally guarantee full performance and discharge by Franchisee of all of the obligations of Franchisee under the Franchise Agreement on the date and in the manner required, including the obligation to indemnify the Indemnified Parties under Section 7.5 of the Franchise Agreement.~~

C. ~~Guarantors agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including that without limiting the foregoing, and agree to comply with all of the covenants of confidentiality, non-competition, non-interference, and non-disparagement contained therein.~~

D. ~~Franchisor shall not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Guarantors of this Agreement set out, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Franchisee under the Franchise Agreement.~~

E. ~~Without affecting the Guarantors’ obligations under this Guaranty, Franchisor, without notice to the Guarantors, may extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Guarantors waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.~~

F. ~~Guarantors’ obligations under this Agreement shall remain in full force and effect, and shall be unaffected by: (i) the unenforceability of the Franchise Agreement against Franchisee; (ii) the termination of any obligations of Franchisee under the Franchise Agreement by operation of law or otherwise; (iii) the bankruptcy, insolvency, dissolution, or other liquidation of Franchisee, including, without limitation, any surrender or disclaimer of the Franchise Agreement by the trustee in bankruptcy of Franchisee; (iv) Franchisor’s consent or acquiescence to any bankruptcy, receivership, insolvency, or any other creditor’s proceedings of or against Franchisee, or by the winding up or dissolution of Franchisee, or any other event or occurrence which would have the effect at law of terminating the existence of Franchisee’s obligations before the termination of the Franchise Agreement; or (v) by any other agreements or other dealings between the parties having the effect of amending or altering the Franchise Agreement or Franchisee’s obligations under this Agreement, or by any want of notice by Franchisor to Franchisee of any default of Franchisee or by any other matter, thing, act, or omission of Franchisor whatsoever.~~

G. ~~ALL DISPUTES INVOLVING A GUARANTOR (WHETHER OR NOT RELATED TO THIS GUARANTEE) SHALL BE ADJUDICATED AND RESOLVED IN ACCORDANCE WITH THE PROVISIONS APPLICABLE TO FRANCHISEE THAT ARE SET FORTH IN THE FRANCHISE AGREEMENT, WHICH, AMONG OTHER THINGS, INCLUDES MEDIATION, A MUTUAL WAIVER OF TRIAL BY JURY IN ANY COURT PROCEEDINGS,~~

Schedule 2—1

~~LIMITATIONS ON THE TIME WITHIN WHICH TO COMMENCE AN ACTION, AND A WAIVER TO THE EXTENT PERMITTED BY LAW OF ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.~~

~~H. For the purposes of Section 13.4 of the Franchise Agreement, notice to Guarantors shall be as follows:~~

<u>Name</u>	<u>Address</u>
_____	_____ - _____
_____	_____ - _____
	Email: _____
	Email: _____

~~IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date set forth adjacent to his or her signature.~~

GUARANTORS:

_____	Dated: _____
Guarantor Name	
_____	Dated: _____
Guarantor Name	

SCHEDULE 3
STATE SPECIFIC ADDENDA FOR FRANCHISE AGREEMENT

CALIFORNIA

~~If Franchisee is a resident of California, the following provisions will apply and will supersede any provision in this Agreement to the contrary:~~

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

ILLINOIS

~~If Franchisee is a resident of Illinois, the following provisions will apply and will supersede any provision in this Agreement to the contrary.~~

- ~~A. Illinois law governs the Franchise Agreement.~~
- ~~B. Payment of the Initial Franchise Fee and other initial payments you owe us will be deferred until Franchisor has met its initial obligations 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.~~

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Illinois independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.
2. ~~C. In conformance with~~ Section 4 of the Illinois Franchise Disclosure Act, provides that any provision in a franchise agreement that designates jurisdiction and/or venue ~~in a forum~~ outside ~~of~~ the State of Illinois is void. However, a franchise agreement may provide for arbitration ~~to take place~~ outside of Illinois.
- ~~D. Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.~~
3. ~~E. In conformance with s~~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.
4. Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~F. See the last page of this Schedule 3 for Franchisee's signature.~~

MARYLAND

~~If Franchisee is a resident of Maryland or you are a resident of another state and Franchisee intends for the franchise to be operational in Maryland, the following provisions will apply and will supersede any provision in this Agreement to the contrary:~~

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Maryland independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. All initial fees and payments will be deferred until such time as we complete our initial obligations under this Agreement and you have begun operating your Franchised Business.

~~A. Franchise Agreement Section 4.1 is amended as follows:~~

~~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.~~

2. ~~B. The following is added to the end of Section 12.1 of the Franchise Agreement~~ ~~Section 12.2 is amended as follows:~~

This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

3. The following language is added to the end of Section 18.5 of the Franchise Agreement:

A Franchisee may bring a lawsuit in Maryland against Franchisor for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. ~~C. The following language is added to the end of Section 18.1 of the Franchise Agreement~~ ~~Section 10.2.1 is amended as follows:~~

~~The provision which provides for termination upon Developer's bankruptcy might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).~~

A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

~~D. Franchise Agreement Sections 3.2.7 and 9.2.4 are amended as follows:~~

~~The general release required as a condition to renewal, sale and or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

5. ~~E. The following is added to the end of Sections 18.8 and 18.9 of the Franchise Agreement~~ ~~Section 12.8 is amended as follows:~~

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

~~F. Franchise Agreement Section 4.3.3 is amended as follows:~~

~~Franchisor will provide Franchisee with an annual accounting of the advertising fees collected.~~

6. ~~G. The~~ All representations of Franchisee in the Franchise Agreement and the Confirmation of Additional Terms and Representations Addendum requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended, to nor ~~will~~ shall they act, as a release, estoppel or waiver of any liability incurred under the Maryland Franchise

Registration and Disclosure Law.

~~Each provision of this Section will be effective only to the extent that, with respect to the provision, the jurisdictional requirement of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Section.~~

MINNESOTA

~~If Franchisee is a resident of Minnesota, the following provisions will apply and will supersede any provision in this Agreement to the contrary:~~

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Minnesota independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. A. The following language is added to the end of Section 2.8 of the Franchise Agreement Section 4.10.2. is amended as follows:

~~Insufficient Funds Charges and NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.~~

Notwithstanding the foregoing, you and we acknowledge that under Minnesota Statute 604.113 your penalty for an insufficient funds check will be limited to \$30 per occurrence.

2. The following is added to the end of Sections 3.2(j) and 14.2.2(c) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. B. Franchise Agreement The following is added to the end of Sections 3.2, ~~10.2 and 10.3~~ are amended as follows and 12 of the Franchise Agreement:

~~Termination and Non-renewal: However, W~~with respect to franchises governed by Minnesota law, ~~Franchisor~~we will comply with ~~Minnesota Statutes, Section~~Minn. Stat. Sec. 80C.14, SubdivisionsSubds. 3, 4, and 5, which require, except in certain specified cases, that ~~the Franchisee~~you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice ~~for~~of non-renewal of ~~the~~this Agreement.

~~C. Franchise Agreement Sections 12.7 and the last sentence of 12.8 are only to the extent required by the Minnesota Franchises Law hereby deleted.~~

~~D. Franchise Agreement Sections 12.1 and 12.2 are amended as follows:~~

~~These provisions will not in any way abrogate or reduce any right of Franchisee, as provided under Minnesota Statutes, Chapter 80C, or Minnesota Rule 2860.4400J, including the right to submit matters to the jurisdiction of Minnesota courts or the right to a jury trial.~~

4. E. The following language is added to the end of Section 13.2.2 of the Franchise Agreement Section 8.4.4. is amended as follows:

~~Franchisor agrees to indemnify and save Franchisee harmless from any loss, costs or expenses arising out of or related to any claim, suit or demand against Franchisee relating to Franchisee's use of the Marks in accordance with this Agreement.~~

~~F. Franchise Agreement Sections 3.2.7 and 9.2.4 are amended as follows:~~

~~General Release Not Required: Notwithstanding any terms in this Agreement, Franchisee is not required to agree to any general release as a condition for approval of any assignment, transfer or renewal of this Agreement.~~

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

5. ~~G.~~ The following is added to the end of Section 18.2 of the Franchise Agreement ~~Sections 12.8 is amended as follows:~~

Notwithstanding the foregoing, a court will determine if a bond is required.

6. The following is added to the end of Section 18.7 of the Franchise Agreement:

~~Notwithstanding the foregoing, any claim brought under the Minnesota Franchises Law shall not be barred unless a legal proceeding is~~provides that no action may be commenced ~~within~~under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

7. Notwithstanding anything to the contrary, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

~~H. Franchise Agreement Sections 12.13 is amended as follows:~~

~~Certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, the parties agree to enforce the provision to the extent the law allows.~~

~~I. Franchise Agreement Section 12.11 is amended as follows:~~

~~Notwithstanding any terms of this Agreement, Franchisee is not required to consent in advance as to any application by Franchisor for injunctive relief or to waive any bond.~~

NEW YORK

~~If Franchisee is a resident of New York, the following provisions will apply and will supersede any provision in this Agreement to the contrary:~~

~~A. Franchise Agreement Section 3.3 is amended as follows:~~

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of New York independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. The following is added to the end of Sections 3.2(j) and 14.2.2(c) of the Franchise Agreement:

Notwithstanding the foregoing ~~All~~ rights enjoyed by ~~the Franchisee~~you and any causes of action arising in ~~its~~your favor from the provisions of Article 33 of the General Business ~~L~~aw of the State of New York and the regulations issued there~~under~~ under

Schedule 3—4

shall remain in force; ~~it being to the in extent of this proviso that required by~~ the non-waiver provisions of GBL Sections 687.4 and ~~687.5 be satisfied~~ 687.4, as amended.

~~B. Franchise Agreement Section 12.1 is amended as follows:~~

~~2. The choice of law~~ Nothing herein shall ~~not~~ be considered a waiver of any right conferred upon ~~the Franchisee~~ you by the provisions of Article 33 of the New York General Business Law ~~of the State of New York,~~ as amended, and the regulations issued thereunder.

~~3. C. The following is added to the end of Section 14.1 of the Franchise Agreement. Section 10.1 is amended as follows:~~

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under this Agreement.

4. The following sentence is added to the end of Section 12.3 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

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

6. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of North Dakota independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

~~1. D. The following is added to the end of Section 2.1 of the Franchise Agreement. Section 9.1 is amended as follows:~~

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

NORTH DAKOTA

~~If Franchisee is a resident of North Dakota, the following provisions will apply and will supersede any provision in this Agreement to the contrary:~~

~~Revisions: The North Dakota Securities Commissioner has held the following to be appropriate and required revisions to franchise agreements for Franchisees in North Dakota:~~

~~A. Franchise Agreement Section 4.1 is amended as follows:~~

~~Payment of the All Initial Franchise Fees and payments will be deferred until Franchisor has met its such time as we complete our initial obligations and under this Agreement and you have begun operating your Franchised has commenced doing Business.~~

2. The following is added to the end of Sections 3.2(j) and 14.2.2(c) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

~~3. B. The following is added to the end of Section 6.3 of the Franchise Agreement. Section 11.8.2 is amended as follows:~~

~~Covenants not to compete upon termination or expiration of the franchise agreement that conflict with Section 9-08-06 of the North Dakota Century Codes such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.~~

~~4. C. The following language is added to the end of Section 13.2.2 of the Franchise Agreement. Section 12.2 is amended as follows:~~

~~North Dakota Franchisees are not required to consent to the jurisdiction of courts outside of North Dakota to the extent prohibited by the North Dakota Franchise Investment Law.~~

~~D. Franchise Agreement Section 12.9 is amended as follows:~~

~~We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, the parties we and you agree to enforce the provision to the extent the law allows.~~

~~5. E. The following language is added to the end of Section 18.1 of the Franchise Agreement. Section 3.2.7 is amended as follows:~~

~~North Dakota Franchisees are not required to sign a general release upon the renewal of the franchise agreement. Consequently, any provision of a franchise agreement as it applies to the requirement that Franchisee's execute a general release upon renewal does not apply to North Dakota Franchisees.~~

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree.

6. The following language is added to the second sentence of Section 18.4 of the Franchise Agreement:

except as otherwise required by North Dakota law.

7. ~~F.~~ The following language is added to the end of Section 18.5 of the Franchise Agreement ~~Section 12.7 is amended as follows:~~

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. To the extent required by the North Dakota Franchise Investment Law, ~~this~~ Section 18.9 of the Franchise Agreement is deleted.

~~G. Franchise Agreement Section 12.1 is amended to begin the provision with “Except as provided under North Dakota law”.~~

9. ~~H.~~ The following is added to the end of the first paragraph Section 18.7 of the Franchise Agreement ~~Section 12.8 is amended as follows:~~

The statutes of limitations under North Dakota ~~l~~aw applies with respect to claims arising under the North Dakota Franchise Investment Law.

RHODE ISLAND

~~If you are a resident of Rhode Island, the following provisions will apply and will supersede any provision in this Agreement to the contrary:~~

~~A. Franchise Agreement Sections 12.2 and 12.1 are amended as follows:~~

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Rhode Island independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. The following is added at the end of Section 18.5 of the Franchise Agreement:

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 this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. The following is added at the end of Section 18.4 of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

WASHINGTON

~~If Franchisee is a resident of Washington or if Franchisee purchases a franchise located or to be located in Washington, the following provisions will apply and will supersede any provision in this Agreement to the contrary:~~

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Washington independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

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

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement ~~in Franchisee's~~ or related agreements concerning your relationship with ~~the~~ Franchisor, including in the areas of termination and renewal of ~~the~~ your franchise. There may also be court decisions ~~which may~~ that supersede the franchise agreement ~~in Franchisee's~~ or related agreements concerning your relationship with ~~the~~ Franchisor. Franchise agreement provisions, including ~~the areas of termination and renewal~~ those summarized in Item 17 of the ~~Franchise~~ Disclosure Document, are subject to state law.

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

4. General Release. A release or waiver of rights ~~executed by a~~ in the franchise agreement or related agreements purporting to bind the franchisee ~~may not include rights~~ to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions ~~such as those~~ which contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages may be void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

~~Franchise Agreement, Section 3.1—Payment of the Initial Franchise Fee will be deferred until Franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open.~~

~~Franchise Agreement, Section 7.5.1—Franchisee’s indemnification obligation does **not** extend to liabilities caused by franchisor’s acts or omissions amounting to gross negligence, willful misconduct, strict liability or fraud.~~

~~Franchise Agreement, Section 11.8.2—The post-termination non-competition provision in Section 11.8.2 of the Franchise Agreement may not be enforceable in Washington.~~

~~Confirmation of Additional Terms and Representations Addendum to PatchMaster Franchise Agreement—The Addendum does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.~~

~~The undersigned does hereby acknowledge receipt of this addendum.~~

~~FRANCHISEE:~~

~~FRANCHISOR:~~

~~PATCHMASTER FRANCHISE, LLC.~~

~~A Delaware limited liability company~~

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

By: _____
(Signature)

By: _____

Its: _____

Its: _____

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

Date: _____

Date: _____

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Exhibit to be effective as of the effective date of the Franchise Agreement.

FRANCHISOR:

PATCHMASTER FRANCHISE, LLC

FRANCHISEE:

(insert legal name)

Sign: _____

Name: _____

Title: _____

Sign: _____

Name: _____

Title: _____

SCHEDULE 4
CONFIRMATION OF ADDITIONAL TERMS AND REPRESENTATIONS ADDENDUM TO
PATCHMASTER EXHIBIT 5 TO THE FRANCHISE AGREEMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

~~As you know, we are entering into a Franchise Agreement for the operation of a PatchMaster franchise. The purpose of this Acknowledgment Addendum is to verify certain information about the sales process and to confirm any additional commitments or terms beyond those contained in our standard franchise agreement and contained in our current "Franchise Disclosure Document," including any oral statement, representation, promise, or assurance made during the negotiations for the purchase of a PatchMaster franchise by any of our directors, officers, employees, agents, or representatives (each a "Representative") Please review each of the following questions carefully and provide honest responses to each question.~~

I- FRANCHISE

You are preparing to enter into a PatchMaster Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the Disclosure Document provided to you?

Yes No

2. Do you understand all of the information contained in the Disclosure Document?

Yes No

If you answered "No", what parts of the Disclosure Document do you not understand?
(Attach additional pages, if necessary)

3. Have you received and carefully reviewed the Franchise Agreement and each exhibit, appendix, and schedule attached to the Franchise Agreement?

Yes No

4. Do you understand all of the information contained in the Franchise Agreement and each exhibit, appendix, and schedule attached to it?

Yes No

If you answered "No", what parts of the Franchise Agreement do you not understand?
(Attach additional pages, if necessary)



A. Description of Representations

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a PatchMaster Franchise with an attorney, accountant or other professional advisor?

Yes No

6. Do you understand that the purchase of a PATCHMASTER Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your PatchMaster Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

~~1. Describe any promises, agreements, contracts, commitments, representations, understandings, "side deals" or other promises that have been made to or with you by us or our Representatives with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, Site location, operational assistance, or other services or write "None":~~

~~_____

_____~~

~~Yes No~~

7. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

~~2. Describe any oral, written, or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicts or is inconsistent with the Disclosure Document or the Franchise Agreement that has been made to you by us or our Representatives or write "None":~~

~~_____

_____~~

~~Yes No~~

~~3. Describe any oral, written, visual, or other claim or representation has been made to you by us or our Representatives, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document —including Item 19 or write "None":~~

~~_____

_____~~

If you answered “No” to any of the Questions 1 through 7, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered “No” to each of these questions, please leave the following lines blank.

8. Other than any statements specifically provided in Item 19 of our Disclosure Document, have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a PATCHMASTER Franchise?

Yes No

9. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, in addition to, or different from, the information contained in our Disclosure Document?

Yes No

~~4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating an PatchMaster franchise or write “None”:~~

~~510. Describe~~Have any of our employees or representatives made any statement, or promise or assurance concerning~~regarding the costs you may incur in operating a PatchMaster Franchise; the advertising, marketing, training, support services or assistance that PatchMasterwe will furnish to you; or any other statement, promise or agreement~~ that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write “None”. provided to you?

Yes No

11. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers that may be available to you if you purchase a PATCHMASTER Franchise?

Yes No

12. If you answered “Yes” to any of the Questions 8 through 11, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered “No” to each of these questions, please leave the following lines blank.

Explanation

~~6. Describe any other statement, promise or assurance concerning any other matter related to a PatchMaster franchise that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write “None”.~~

~~III. ACKNOWLEDGEMENTS~~

~~1. Did you receive the Disclosure Document at least 14 calendar days before you signed a binding agreement with or made a payment to us or our affiliate in connection with the proposed franchise sale, or sooner if required by state law? Yes No~~

~~If no, please describe when you received the Franchise Disclosure Document and when you signed the agreement or paid the money:~~

~~2. Did you receive any negotiated modifications to the Franchise Agreement (if applicable) at least 7 calendar days before signing them? Yes No~~

~~If no, please describe when you received them:~~

~~3. Did we or our Representatives advise you to fill in and complete this form except as based upon your personal knowledge and experience? Yes No~~

~~If no, please describe what you were instructed or write “None”:~~

~~**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT IN HIS/HER INDIVIDUAL CAPACITY AND ON BEHALF OF THE LEGAL ENTITY.**~~

~~PROSPECTIVE FRANCHISEE: _____~~

~~Signed: _____ Signed: _____~~

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

~~Print Name:~~

Date: _____

~~_____~~
Date: _____

Name of Franchisee/Applicant:

~~Print Name:~~

~~Date:~~ _____
_____, Individually

_____, Individually

EXHIBIT C

**TABLE OF CONTENTS ~~PATCHMASTER MANUAL~~ TABLE OF CONTENTS TO
OPERATIONS MANUAL**

TABLE OF CONTENTS FOR
PATCHMASTER OPERATIONS MANUAL Table of Contents

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EXHIBIT D

LIST OF [CURRENT](#) FRANCHISEES

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, ~~2023~~2024

Franchisees' Names, Addresses and Telephone Numbers as of December 31, ~~2023~~2024.

	Franchisee	Owner	Address	City	State	Phone Number
1-1	Frontier Drywall Patching Assemble Solutions, LLC¹	Noel SteffansJoshua Eddleman	9140 Wallace St. 1110 DE E Street	Eagle RiverBentonville	AK AR	(480)503 250575-39650013
2-2	JS Gibbs Enterprises, LLC	Jeremy Gibbs	9524 W Camelback Rd Ste 434	Glendale	AZ	(480) 290-9677
3-3	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
4-4	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
5-5	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
6-6	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
7-7	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
8-8	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
9-9	Treat Corp	Thomas Treat	765 Agate St, Apt. 5	San Diego	CA	(678) 654-6559
10-10	Treat Corp	Thomas Treat	765 Agate St, Apt. 5	San Diego	CA	(678) 654-6559
11-11	Martinez Services, LLC	Chris Martinez	9641 West Belfast Drive	Littleton	CO	(720) 375-2400
12-12	Martinez Services, LLC	Chris Martinez	9641 West Belfast Drive	Littleton	CO	(720) 375-2400
13-13	Parkview Services, Inc.	Roger Peterson	479 Trafton Road	Springfield, MA	CT ²	(413) 297-2464
14-14	<u>Norton Whittier, Inc.</u>	<u>John Norton</u>	<u>6701 16th St NW</u>	<u>Washington</u>	<u>DC</u>	<u>(202) 360- 6838</u>
14-15	Rhino Repairs, LLC	Lorena Letona	22357 Woodman Hall Drive	Land O Lakes	FL	(813) 503-8868
15-16	Luis Palmar		11045 Regency Commons Court	Orlando	FL	(407) 747-0001
16-17	Luis Palmar		11045 Regency Commons Court	Orlando	FL	(407) 747-0001
17-18	Kiago Holdings, LLC	Gabe Ocanto	7700 SW 54th Ct Apt A	Miami	FL	(786) 851-3604
18-19	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
19-20	Work Services, Inc. PatchMaster Franchise, LLC	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293

20 21	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
21 22	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
22 23	Ji-PBC Enterprises, LLC ¹	Jerry Inman	2722 Pointe Circle	West Palm Beach	FL	(561) 214-1133
23 24	Ji-PBC Enterprises, LLC ¹	Jerry Inman	2722 Pointe Circle	West Palm Beach	FL	(561) 214-1133
25	A2ZJB Enterprises, Inc. ¹	Josef Block	14709 SW 102nd Terrace	Miami	FL	(224) 229-7533
26	Hevin Services & Solutions, LLC	Heather Crockett	1306 New York Ave	Dunedin	FL	(518) 265-2207
24 27	Wilson Franchise Group, LLC	Derek Wilson	385 Greenhill Way	East Point	GA	(404) 358-6471
25 28	Wilson Franchise Group, LLC	Derek Wilson	385 Greenhill Way	East Point	GA	(404) 358-6471
26 29	Hoffman Home Services, LLC Alcasandra Group Corporation	William Hoffman Alfred Lopez Perez	2945 N Hermitage Ave, Unit A 4454 Five Forks Trickum Rd	Chicago Lilburn	IL GA	(415770) 535935-9801 7516
27 30	Hoffman Home Services, LLC Promontory Endeavors, Inc	William Hoffman Michael Dunford	2945 N Hermitage Ave, Unit A 4440 Langdon Walk	Chicago Smyrna	IL GA	(415612) 535965-9801 8505
31	Promontory Endeavors, Inc	Michael Dunford	4440 Langdon Walk	Smyrna	GA	(612) 965-8505
32	Versamac, Inc.	David McMinn	465 Newport Heights	Alpharetta	GA	(770) 990-9317
33	Versamac, Inc.	David McMinn	465 Newport Heights	Alpharetta	GA	(770) 990-9317
34	North Idaho Veteran Home Services LLC	Shane Austin	2576 N. Lehigh Ct.	Post Falls	ID	(209) 404-7008
35	Keith Reinertson		572 Lake Ridge Drive	South Elgin	IL	(901) 428-0978
36	Keith Reinertson		572 Lake Ridge Drive	South Elgin	IL	(901) 428-0978
28 37	Conti Enterprises, LLC	Mike Conti	2736 N Wolcott Ave #301	Chicago	IL	(203) 980-5821
29 38	Conti Enterprises, LLC	Mike Conti	2736 N Wolcott Ave #301	Chicago	IL	(203) 980-5821
30 39	Conti Enterprises, LLC	Mike Conti	2736 N Wolcott Ave #301	Chicago	IL	(203) 980-5821
31 40	Kauffman Home Repair	Bill Kauffman	53138 Monterey Dr.	Bristol	IN	(574) 298-1009
41	Tuttle Franchises, Inc.	Jacob Tuttle	16420 Overlook Park Pl	Noblesville	IN	(317) 903-7194
42	Tuttle Franchises, Inc.	Jacob Tuttle	16420 Overlook Park Pl	Noblesville	IN	(317) 903-7194
32 43	Parkview Services Incorporated	Roger Peterson	112 Washington Rd.,	Springfield	MA	(413) 297-2464

33 <u>44</u>	Parkview Services Incorporated	Roger Peterson	112 Washington Rd.,	Springfield	MA	(413) 297-2464
34 <u>45</u>	Parkview Services Incorporated	Roger Peterson	112 Washington Rd.,	Springfield	MA	(413) 297-2464
35 <u>46</u>	Tanieka Gentles		1 Lake Whittemore Drive	Worcester	MA	(774) 242-0312
36 <u>47</u>	Coleman Business Services, LLC <u>Wallfix, Inc.</u>	Thomas Coleman <u>Vlad Pokinboroda</u>	85 University Avenue, Apt 1130 <u>19 Scott Drive</u>	Westwood <u>Framingham</u>	MA	(781)339 801 <u>222-42246335</u>
37 <u>48</u>	Kauffman Home Repair	Bill Kauffman	53138 Monterey Dr.	Bristol, IN	MI ²	(574) 298-1009
38 <u>49</u>	Foley Construction, LLC	Matthew Foley, Kellie Foley	48571 Lorenzo Dr	Macomb	MI	(586) 899-8602
<u>50</u>	<u>Hawker and James, Inc.</u>	<u>David Moag</u>	<u>19051 San Jose Boulevard</u>	<u>Lathrup Village</u>	<u>MI</u>	<u>(615) 878-4046</u>
<u>51</u>	<u>Hawker and James, Inc.</u>	<u>David Moag</u>	<u>19051 San Jose Boulevard</u>	<u>Lathrup Village</u>	<u>MI</u>	<u>(615) 878-4046</u>
<u>52</u>	<u>Mindwest Pinnacle Management, LLC</u>	<u>Natanael Ardelean</u>	<u>9802 Cobb Hollow Ct</u>	<u>Saline</u>	<u>MI</u>	<u>(734) 621-3750</u>
39 <u>53</u>	Welm, LLC	Josh Webb	5412 Columbus Ave	Minneapolis	MN	(608) 219-7911
40 <u>54</u>	Welm, LLC	Josh Webb	5412 Columbus Ave	Minneapolis	MN	(608) 219-7911
41 <u>55</u>	Welm, LLC	Josh Webb	5412 Columbus Ave	Minneapolis	MN	(608) 219-7911
42	Jack Keller		1231 Gaston Drive	Memphis, TN	MS²	(901) 240-5904
43 <u>56</u>	Yates Premier Services, LLC	Kody Yates	320 Thoreau Blvd	O'Fallon	MO	(319) 795-5207
44 <u>57</u>	Yates Premier Services, LLC	Kody Yates	320 Thoreau Blvd	O'Fallon	MO	(319) 795-5207
45	Thomas Valade		2583 Bonniebrook Drive	Maryland Heights	MO	(850) 341-3695
46 <u>58</u>	Howell Premier Services, Inc.	Zachary Howell	4104 Bedford Manor Ct.	Wentzville	MO	(636) 362-4399
<u>59</u>	<u>ALM Ventures, LLC</u>	<u>Adam Mitchell</u>	<u>14280 NW 60th Court</u>	<u>Parkville</u>	<u>MO</u>	<u>(321) 578-0122</u>
<u>60</u>	<u>ALM Ventures, LLC</u>	<u>Adam Mitchell</u>	<u>14280 NW 60th Court</u>	<u>Parkville</u>	<u>MO</u>	<u>(321) 578-0122</u>
<u>61</u>	<u>ALM Ventures, LLC</u>	<u>Adam Mitchell</u>	<u>14280 NW 60th Court</u>	<u>Parkville</u>	<u>MO</u>	<u>(321) 578-0122</u>
<u>62</u>	<u>ALM Ventures, LLC</u>	<u>Adam Mitchell</u>	<u>14280 NW 60th Court</u>	<u>Parkville</u>	<u>MO</u>	<u>(321) 578-0122</u>

63	ALM Ventures, LLC	Adam Mitchell	14280 NW 60th Court	Parkville	MO	(321) 578-0122
64	Keller Home Services, LLC	Jack Keller	1231 Gaston Dr	Southhaven	MS	(901) 609-4956
65	Saddleup406, Inc.	Michael Linderman	32 Lone Wolf Rd	Trout Creek	MT	(406) 544-8347
47 66	Joshua Jones		17330 W Center Rd, Ste 110 #145	Omaha	NE	(402) 915-5526
48 67	Joshua Jones		17330 W Center Rd, Ste 110 #145	Omaha	NE	(402) 915-5526
49 68	JAC Rocking, LLC	John Phelan	781 Chimney Rock Road	Martinsville	NJ	(908) 334-7299
50 69	JAC Rocking, LLC	John Phelan	781 Chimney Rock Road	Martinsville	NJ	(908) 334-7299
51 70	JAC Rocking, LLC	John Phelan	781 Chimney Rock Road	Martinsville	NJ	(908) 334-7299
52	Garden State Sheetrock, LLC	Joseph Volpe	15 Tunney Terrace	Seaside Heights	NJ	(973) 390-2367
53 71	Craig Luteza		415 Willow Grove St	Hackettstown	NJ	(973) 222-6316
54 72	A2 Drywall, Inc.	Anthony Esposito	1153 Flanders Court	Amherst	NY	(716) 261-8125
55 73	A2 Drywall, Inc.	Anthony Esposito	1153 Flanders Court	Amherst	NY	(716) 261-8125
56 74	SMB Victory Enterprises Inc.	Shawn Brown	61 Glen Head Road	Glen Head	NY	(516) 341-1622
57 75	SMB Victory Enterprises Inc.	Shawn Brown	61 Glen Head Road	Glen Head	NY	(516) 341-1622
58 76	SMB Victory Enterprises Inc.	Shawn Brown	61 Glen Head Road	Glen Head	NY	(516) 341-1622
59 77	Bronze Star Holdings R.E.K.M Enterprises, LLC	Timothy Forrest Jeremy Jones	152 Morgan Ridge Road 1051 Lynaugh Rd	Holly Springs Victor	NC NY	(919) 585 802905-2377 1292
60 78	Cape Fear Drywall Repair, LLC	Christian Clavadetscher	7259 Sanctuary Dr	Wilmington	NC	(910) 264-8321
61 79	Front Line Drywall Repair, LLC	Leland Woodworth	1348 Shinnville Road	Cleveland	NC	(704) 699-7183
62 80	Front Line Drywall Repair, LLC	Leland Woodworth	1348 Shinnville Road	Cleveland	NC	(704) 699-7183
81	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
82	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
83	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990

			B			
84 84	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
85 85	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
86 86	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
87 87	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
88 88	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	SC²	(704) 665-0990
63 89	Joseph Gilliam		36550 Valley Ridge Rd	Willoughby	OH	(440) 840-5126
64 90	Joseph Gilliam		36550 Valley Ridge Rd	Willoughby	OH	(440) 840-5126
91 91	Tarango Corporation	Paul Tarango	4161 King Bird Lane	Miamisburg	OH	(937) 938-0360
65 92	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
66 93	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
67 94	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
68 95	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
69 96	MYL Contractor, LLC¹	Michael Yetter	10 Parnell Street	Carbondale	PA	(570) 406-8585
70 97	KL Crane Enterprises, LLC	Kevin Crane	435 Crescent Moon Dr.	Cogan Station	PA	(570) 337-3256
71 98	KL Crane Enterprises, LLC	Kevin Crane	435 Crescent Moon Dr.	Cogan Station	PA	(570) 337-3256
72 99	PM Drywall Pros LLC	Dylan Sykes	2012 Mill Plain Ct.	Harrisburg	PA	(717) 877-8836
73 100	PM Drywall Pros LLC	Dylan Sykes	2012 Mill Plain Ct.	Harrisburg	PA	(717) 877-8836
101 101	Sutton Home Enterprises, Inc.	Jean Mckie	5 Lanfair Road	Cheltenham	PA	(267) 505-6987
74 102	Craig Lutcza		415 Willow Grove St	Hackettstown, NJ	PA ²	(973) 222-6316
75 103	Mid-South Drywall Repair, LLC ¹	Mitch Baker	184 Scoville Street	Orangeburg	SC	(803) 210-6230
76 104	Mid-South Drywall Repair, LLC ¹	Mitch Baker	184 Scoville Street	Orangeburg	SC	(803) 210-6230
77 104	Steadfast Home	James	607 West Franklin	Monroe	SC	(864) 436-6658

105	Solutions, LLC	Maggard	Street			
78-106	McCoy Handyman Drywall & Repair, LLC	Jarvis McCoy	6316 West 61st St	Sioux Falls	SD	(605) 413-5589
107	Cooke Ventures, LLC	Steve Cooke	455 Tinnan Ave	Franklin	TN	(615) 545-9260
79-108	Keller Home Services, LLC	Jack Keller	1231 Gaston Drive	Memphis Southhaven, MS	TN²	(901) 240 609-59044956
80-109	DS2 Enterprises Versamac, Inc.	Danielle Sisto David McMinn	512 Riverfront Way 465 Newport Heights	Knoxville Alpharetta, GA	TN²	(518 770) 588 580-11640533
81-110	JC Property Improvement, Inc.	Justin Calvin	1617 Fannin #1819	Houston	TX	(936) 649-2919
82-111	JC Property Improvement, Inc.	Justin Calvin	1617 Fannin #1819	Houston	TX	(936) 649-2919
83-112	KD Franchise Group	Kris Longmore	908 Brighton Way 2721 Donnington Drive	Pooler, GA Plano	TX²	(214) 263-1234
84-113	Adamas Management, LLC KD Franchise Group	Aaron Sandvig Kris Longmore	2721 Donnington Drive	Sauk Center, MN Plano	TX²	(605 214) 290 263-97221234
85-114	Adamas Management, LLC KD Franchise Group	Aaron Sandvig Kris Longmore	2721 Donnington Drive	Sauk Center, MN Plano	TX²	(605 214) 290 263-97221234
115	C2 Cell Solutions, LLC	Nickolas Alexander	4049 Chaucer Lane	Dallas	TX	(214) 534-1841
86-116	Adamas Management C2 Cell Solutions, LLC	Aaron Sandvig Nickolas Alexander	4049 Chaucer Lane	Sauk Center, MN Dallas	TX²	(605 214) 290 534-97221841
117	C2 Cell Solutions, LLC	Nickolas Alexander	4049 Chaucer Lane	Dallas	TX	(214) 534-1841
87-118	MaeLaneCo Holdings, LLC	Michael Clements	104 Grouger Cove	Leander	TX	(512) 779-2216
88-119	MaeLaneCo Holdings, LLC	Michael Clements	104 Grouger Cove	Leander	TX	(512) 779-2216
120	MaeLaneCo Holdings, LLC	Michael Clements	104 Grouger Cove	Leander	TX	(512) 779-2216
121	NBS Endevors, LLC	Brad Strickland	206 Cindy Ann St	Lorena	TX	(254) 716-7349
122	MHP Home Services, Inc.	Hamish Pellew	8807 Dittmar Oaks Drive	Austin	TX	(512) 915-0086
89-123	JZite & S-Unlimited Zite, LLC	Jeremy Willes Eddy Zite	264 E-360 2500 S. Decker Lake Bvd, Ste 16	Smithfield Salt Lake City	UT	(510 435) 342 503-28802051
90-124	JZite & S-Unlimited Zite, LLC	Jeremy Willes Eddy Zite	264 E-360 2500 S. Decker Lake Bvd, Ste 16	Smithfield Salt Lake City	UT	(510 435) 342 503-28802051

125	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051
126	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051
127	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051d
128	North Idaho Veteran Home Services LLC	Shane Austin	2576 N. Lehigh Ct.	Post Falls	WA	(209) 404-7008
91 129	JSL Drywall Repair	Steven Landman	109 Trails Edge Ct	Hartland	WI	(262) 893-5182
92 130	JSL Drywall Repair	Steven Landman	109 Trails Edge Ct	Hartland	WI	(262) 893-5182

¹ ~~This~~ [These](#) franchised businesses ~~has ceased operations~~ [have left the system](#) since December 31, ~~2023~~ [2024](#).

² This franchised business has an LSA in a different state than its principal business address. The address provided is the principal business address. But the state in the “state” column is for the LSA of the business.

LIST OF FRANCHISEES WITH SIGNED AGREEMENTS BUT OUTLETS NOT YET OPENED
AS OF DECEMBER 31, 2023

Franchisees' Names, Addresses and Telephone Numbers as of December 31, 2023

	Franchisee	Owner	Address	City	State	Phone Number
1.	A2ZJB Enterprises Inc. WMWIT, LLC	Josef Block William Whitcomb	14709 SW 102nd Terrace 225 Capri Circle North	Miami Treasu re Island	FL	(224) 813-229 545-7533 2482
2.	Aleasandra Group Corporation WMWIT, LLC	Alfredo L. Perez William Whitcomb	4454 Five Forks Trickum Road 225 Capri Circle North	Lilburn Treas ure Island	GA FL	(770) 813-935 545-7516 2482
3.	Promontory Endeavors Inc. TJ Mullen	Michael Dunford	4440 Langdon Walk SE 5050 Navia Ct.	Smyrna Flemi ng Island	GA FL	(612) 908-965 839-8505 3603
4.	Promontory Endeavors Inc. TJ Mullen	Michael Dunford	4440 Langdon Walk SE 5050 Navia Ct.	Smyrna Flemi ng Island	GA FL	(612) 908-965 839-8505 3603
5.	Versamae Inc. RSCS Ventures, LLC	Naney McMinn, David McMinn Charity Sheldt	5174 McGinnis Ferry Road, Ste. 116 4833 Chaudron Rd	Alpharetta Mo lino	GA FL	(770) 850-990 324-9317 4463
6.	Versamae Inc. RSCS Ventures, LLC	Naney McMinn, David McMinn Charity Sheldt	5174 McGinnis Ferry Road, Ste. 116 4833 Chaudron Rd	Alpharetta Mo lino	GA FL	(770) 850-990 324-9317 4463
7.	Natanael Ardelean Hunter Pratt		9802 Cobb Hollow Ct. 130 Beardon Circle, SE, Unit 12	Saline Atlanta	MI GA	(734) 706-621 726-3750 1650
8.	ALM Ventures, LLC Hunter Pratt	Adam Mitchell, Melissa Mitchell	14280 NW 60th Ct. 130 Beardon Circle, SE, Unit 12	Parkville Atla nta	MO GA	(321) 706-578 726-0122 1650
9.	ALM Ventures, LLC Hunter Pratt	Adam Mitchell, Melissa Mitchell	14280 NW 60th Ct. 130 Beardon Circle, SE, Unit 12	Parkville Atla nta	MO GA	(321) 706-578 726-0122 1650
10.	ALM Ventures, LLC Keith Reinertson	Adam Mitchell, Melissa Mitchell	14280 NW 60th Ct. 572 Lake Ridge Drive	Parkville Sout h Elgin	MO IL	(321) 901-578 428-0122 0978
11.	Krunalkum Kothari		460 Grand Street	Jersey City	NJ	(201) 744-1686
12.	ALM Ventures, LLC Klein Innovations, Inc.	Adam Mitchell, Melissa Mitchell Allan	14280 NW 60th Ct. 642 Red Oak Drive	Parkville Mad ison	MO MS	(321) 601-578 900-0122 9237

	Franchisee	Owner	Address	City	State	Phone Number
		Klein				
13 2	ALM Ventures, RIAJ Services LLC	Adam Mitchell, Melissa Mitchell Rick Rodriguez	14280 NW 60th Ct. 909 Buffalo Lake Road	Parkville Sanford	MO NC	(321) 915-5783 56-0122-0944
14 3	JP Franchises, RIAJ Services LLC	Joshua Jones Rick Rodriguez	18315 C St. 909 Buffalo Lake Road	Omaha Sanford	NE NC	(816) 915-9863 56-0430-0944
15 4	JP Franchises, RIAJ Services LLC	Joshua Jones Rick Rodriguez	18315 C St. 909 Buffalo Lake Road	Omaha Sanford	NE NC	(816) 915-9863 56-0430-0944
16 5	Jeffrey White Roy Quezada		3504 Equestrian 158 Sumter Street	Tom's River Provide nce	NJ RI	(732) 401-6846 78-4500-2040
16 6	Jeffrey White		3504 Equestrian	Tom's River	NJ	(732) 684-4500
17 7	Jeffrey White Service Sphere Home Repair Corp.	William Anderson	3504 Equestrian 3000 Sagebrook Ct	Tom's River Midloth ian	NJ VA	(732) 434-6846 10-4500-0916
18 8	Paul Tarango		4161 King Bird Lane	Miamisburg	OH	(937) 938-0360
18 9	Versamae Inc Service Sphere Home Repair Corp.	Nancy McMin, David McMin William Anderson	5174 McGinnis Ferry Road, Ste. 116 3000 Sagebrook Ct	Alpharetta, GA Midlothia n	TN⁺ VA	(770) 434-9906 10-9317-0916
20 7	Noal Bradford Strickland		206 Cindy Ann St.	Lorena	TX	(214) 869-8355

~~⁺This franchised business has an LSA in a different state than its principal business address. The address provided is the principal business address. But the state in the "state" column is for the LSA of the business.~~

EXHIBIT E

LIST OF FORMER FRANCHISEES

LIST OF FORMER FRANCHISEES AS OF DECEMBER 31, 2023

Franchisees That Left the System between January 1, ~~2023~~,2024 and December 31, ~~2023~~2024

Franchisees who left our system in our last fiscal year (i.e. termination, non-renewal, cancellation, transfer or otherwise ceased to do business) or have not communicated with us in the last 10 weeks:

	Franchisee	Owner	City	State	Last Known Phone Number		Reason
1.	Frontier Drywall Patching, LLC	Noel Steffans	Eagle River	AK	(480) 250-3965		Termination Non-Renewal
2.	M & N Remodeling, LLC	Michael Sabato	Sun Tan Valley	AZ	(917) 299-8924		Ceased Operation* Termination
3.	M & N Remodeling, LLC	Michael Sabato	Sun Tan Valley	AZ	(917) 299-8924		Ceased Operation* Termination
4.	Brandon Hance		Manhattan Beach	CA	(818) 795-9507	Ceased Operation	
4.	JJT Patch and Paint Inc.	Morgan Trent	Rancho Mission Viejo	CA	(949) 975-9300		Ceased Operation* Termination
5.	JJT Patch and Paint Inc.	Morgan Trent	Rancho Mission Viejo	CA	(949) 975-9300		Ceased Operation* Termination
6.	PATCHWORXPLUS3BH Construction, LLC	Dan Williams Brandon Hance	Indio Los Angeles	CA	(702) 818) 275795-93289507		Ceased Operation* Termination
8.	PATCHWORXPLUS, LLC	Dan Williams	Indio	CA	(702) 275-9328	Ceased Operation	
9.	D&F Home Enterprises LLC	Jim Lampe	Castle Rock	CO	(720) 519-2612	Transfer	
10.	Robert Lattu		Castle Pines	CO	(720) 576-8185	Termination	
11.	Drywall Repair of Westchester, Inc.	Jon Paul McGahan	Putnam Valley, NY	CT	(914) 388-3182	Ceased Operation	
12.	ProCol, LLC	Colin Williams	Kissimmee	FL	(407) 483-4677	Non-Renewal	
13.	ProCol, LLC	Colin Williams	Kissimmee	FL	(407) 483-4677	Non-Renewal	
7.	Daise Drywall Repair, LLC	Gregory Daise	Jacksonville	FL	(904) 962-2456		Ceased Operation* Termination
8.	Jack Lepselter		Lighthouse Point	FL	(973) 747-5629		Never Opened* Termination

	Franchisee	Owner	City	State	Last Known Phone Number		Reason
9.	A2ZJB Enterprises, Inc.	Josef Block	Miami	FL	(224) 229-7533		****Transfer
10. 6 -	Partners In Energy JI-PBC Enterprises, LLC	Mick Dubuis Jerry Inman	Baton Rouge West Palm Beach	LA FL	(225) 561-7732 1133		Termination* ***Transfer
11. 7 -	Partners In Energy JI-PBC Enterprises, LLC	Mick Dubuis Jerry Inman	Baton Rouge West Palm Beach	LA FL	(225) 561-7732 1133		Termination* ***Transfer
12.	Hoffman Home Services, Inc.	Drew Hoffman	Chicago	IL	(415) 535-9801		Transfer
13.	Hoffman Home Services, Inc.	Drew Hoffman	Chicago	IL	(415) 535-9801		Transfer
14.	Coleman Business Services, LLC	Thomas Coleman	Westwood	MA	(781) 801-4224		Termination
15. 8 -	Davis Pro Services, LLC	Dereek Derrick Davis	Abingdon	MD	(410) 440-1472		Ceased Operation* Termination
16. 9 -	Davis Pro Services, LLC	Dereek Derrick Davis	Abingdon	MD	(410) 440-1472		Ceased Operation* Termination
17. 0 -	Southwest Michigan Home Repair Services, LLC Tom Valade	Mike Kauffman	St. Joseph Maryland Heights	MI MO	(269) 850-2083 41-81903695	Non-Renewal	Ceased Operations
18. 4 -	Eric Stedman Garden State Sheetrock, LLC	Joseph Volpe	Raleigh Bloomington	NC NJ	(910) 973-3743 90-64692367	Never Opened	Ceased Operations
19. 2 -	Eric Stedman Azimut Business Services LLC	Dwayne Fyffe	Raleigh Englewood	NC NJ	(910) 321-3743 96-64692876	Never Opened	*Termination
20. 3 -	Bronze Star Holdings I, LLC Inc	Timothy Forrest John Gallina	Holly Springs Statesville	NC	(919) 980-8027 21-23774714		Transfer *Termination
21. 4 -	Bronze Star Holdings I, LLC	Timothy Forrest	Holly Springs	NC	(919) 802-2377		Transfer *Termination
22. 5 -	Bronze Star RDU HoBuildings Inc. Specialist, LLC	John Gallina Eric Stedman	Statesville Raleigh	NC	(980) 910-7213 74-47146469		Ceased Operation* ***Termination
26. -	DBL Properties, LLC	Dan Lane	Cherry Hill	NJ	(215) 847-2084	Non-Renewal	
27. -	DBL Properties, LLC	Dan Lane	Cherry Hill	NJ	(215) 847-2084	Non-Renewal	
28. -	Azimut Business Services LLC	Dwayne Fyffe	Englewood	NJ	(321) 396-2876	Ceased Operation	

	Franchisee	Owner	City	State	Last Known Phone Number		Reason
23.	Lenzen Contracting, Inc.	Shaun Borden	Las Vegas	NV	(561)702-4448 12-53078311		Ceased Operation* Termination
24.	Lenzen Contracting, Inc.	Shaun Borden	Las Vegas	NV	(561)702-4448 12-53078311		Ceased Operation* Termination
25.	Lenzen Contracting, Inc.	Shaun Borden	Las Vegas	NV	(561)702-4448 12-53078311		Ceased Operation* Termination
26.	Drywall Repair of Westchester, Inc.	Jon Paul McGahan	Putnam Valley	NY	(914) 388-3182		Ceased Operation** Termination
27.	Drywall Repair of Westchester, Inc.	Jon Paul McGahan	Putnam Valley	NY	(914) 388-3182		Ceased Operation** Termination
28.	ENOKK Logistics, LLC	Alex Reinhart	Columbus	OH	(614) 264-3596		Ceased Operation* Termination
29.	Legacy Investment Properties MYL Contractor, LLC	Greg Evans Michael Yetter	Glendale, AZ 10 Parnell Street	OK ² PA	(480) 290-9677 Carbondale		Moved to Different Territory 3**** Ceased Operations
30.	CCLM Mid-south Drywall Repair, LLC	Diane Clerkin Mitch Baker	Lower Gwynedd Orangetown	PAS C	(215)803-2332 10-11306230		Non-Renewal**** Ceased Operations
31.	CCLM Mid-south Drywall Repair, LLC	Diane Clerkin Mitch Baker	Lower Gwynedd Orangetown	PAS C	(215)803-2332 10-11306230		Non-Renewal**** Ceased Operations
32.	CCLM MDS2 Enterprises, LLC	Diane Clerkin Danille Sisto	Lower Gwynedd Knoxville	PAT TN	(215)518-2335 588-11301164		Non-Renewal Transfer
39.	CCLM, LLC	Diane Clerkin	Lower Gwynedd	PA	(215) 233-1130	Non-Renewal	
40.	CCLM, LLC	Diane Clerkin	Lower Gwynedd	PA	(215) 233-1130	Non-Renewal	
41.	CCLM, LLC	Diane Clerkin	Lower Gwynedd	PA	(215) 233-1130	Non-Renewal	
42.	Rutke Enterprises Inc.	Brian Casper	North Myrtle Beach	SC	(704) 904-8966	Termination ⁴	
43.	Awesome Contractors,	Hlya King	Cedar Hill	TX	(817) 513-	Transfer to Different Territory ⁵	

	Franchisee	Owner	City	State	Last Known Phone Number		Reason
-	LLC				7603		
33. 4	Adamas Management, LLC	Aaron Sandvig	Sauk Center, MN Fort Worth	TX ⁷	(605) 290-9722		Ceased Operation ^{1,2*} Termination
34. 5	Adamas Management, LLC	Aaron Sandvig	Sauk Center, MN Fort Worth	TX ⁷	(605) 290-9722		Ceased Operation ^{1,2*} Termination
35. 6	Adamas Management, LLC	Aaron Sandvig	Sauk Center, MN Fort Worth	TX ⁷	(605) 290-9722		Ceased Operation ^{1,2*} Termination
36. 7	PM Dallas Operations, LLC	Dylan Davis William McGee	Seagoville Rowlett	TX	(469)214) 971500-39035216		Ceased Operation Termination
37. 8	PM Dallas Operations, LLC	Dylan Davis William McGee	Seagoville Rowlett	TX	(469)214) 971500-39035216		Ceased Operation Termination
38. 9	PM Dallas Operations, LLC	Dylan Davis William McGee	Seagoville Rowlett	TX	(469)214) 971500-39035216		Ceased Operation Termination
39. 0	PM Dallas Operations, LLC	Marchello Fields William McGee	Portsmouth Rowlett	VA TX	(757)214) 816500-54225216		Never Opened Termination
40.	PM Dallas Operations, LLC	William McGee	Rowlett	TX	(214) 500-5216		Termination
41.	J & S Unlimited, LLC	Jeremy Willes	Smithfield	UT	(510) 342-2880		Termination
42.	J & S Unlimited, LLC	Jeremy Willes	Smithfield	UT	(510) 342-2880		Termination
43. 4	Marchello Fields		Portsmouth	VA	(757) 816-5422		Never Opened ^{***} Termination
52. 7	MKE Drywall Repair, LLC	Chad Imme	Siren	WI	(262) 349-6727	Transfer	
53. 7	MKE Drywall Repair, LLC	Chad Imme	Siren	WI	(262) 349-6727	Transfer	

^{1*} This franchisee ~~has~~ ceased operations in 2023 and was reported as a closure in 2023 in Table 3 of Item 20, but ~~has~~ was not been formally terminated and is pending sale until 2024.

^{2**} This franchisee ceased operations in 2023 and was reported as a closure in 2023 in Table 3 of Item 20, but was not formally terminated until 2025.

^{3***} This franchisee was terminated before it opened its franchised business ~~has ceased operations since December 31, 2023~~.

³~~This franchisee did not leave the system. It relocated its LSA from Oklahoma to Arizona, which is reflected in Item 20 as location having “ceased operation” in Oklahoma and an “opened” location in Arizona.~~

^{4****} This franchisee opened and closed in the same~~was left the system and/or ceased operations after the end of our last~~ fiscal year.

⁵~~This franchisee transferred a business operated in Texas to a franchisee in Florida, which is reflected in Item 20 as 1 transfer in Texas, plus 1 location “ceased operation” in Texas, plus 1 location “opened” in Florida.~~

⁶~~This franchisee transferred certain LSAs but did not leave the system.~~

⁷~~This franchised business had an LSA in a different state than its principal business address. The address provided is the principal business address. But the state in the “state” column is for the LSA of the business.~~

EXHIBIT F

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

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of these states.

CALIFORNIA

California

Department of Financial Protection & Innovation:

Toll Free: 1 (866) 275-2677

Los Angeles

Commissioner of Financial Protection & Innovation

320 West Fourth⁴ Street,
Suite 750

Los Angeles, CA California 90013-2344

(866) 213) 275 576-2677 7500

Sacramento

For service of process:

Commissioner of Financial Protection & Innovation

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205

San Diego

Commissioner of Financial Protection & Innovation

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

Commissioner of Financial Protection & Innovation

320 West Fourth One Sansome Street, Suite
750 600

Los Angeles, CA 90013-2344

San Francisco, California 94104-4428
(415) 972-8559

HAWAII

Hawaii

(state administrator)

Hawaii Securities Examiners

For service of process:

Business Registration Division
Securities Compliance Branch

Department of Commerce and
and Consumer Affairs

P.O. Box 40

Honolulu, Hawaii 96810

(808) 586-2727

(agent for service of process)

-Consumer Affairs

Hawaii Commissioner of Securities of the State of
Hawaii

Department of Commerce and Consumer
Affairs

Business Registration Division
Securities Compliance Branch

335 Merchant Street, Room 203

335 Merchant Street, Room 203 205

Honolulu, HI Hawaii 96813

Honolulu, HI 96813

(808) 586-2722 2744

ILLINOIS

Illinois

Franchise Bureau

Illinois Office of the Attorney General

For service of process:

500 South Second Street

Illinois Attorney General

Springfield, IL Illinois 62706

500 South Second Street

(217) 782-4465

Springfield, IL 62706

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

~~Securities Commissioner~~
(agent for service of process)

~~State of Indiana, Securities Division~~
Secretary of State
302 W. 200 West Washington Street, Room E-
111 201 State House
Indianapolis, IN Indiana 46204
Indianapolis, IN 46204
(317) 232-6681/6531

MARYLAND

Maryland
Maryland Division of Securities
For service of process:
(state administrator)
20th Floor
~~Maryland Securities Commissioner~~
Office of the Attorney General
Securities Division
200 St. Paul Place
~~Securities Division~~
Baltimore, Maryland 21202-2021
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
Baltimore, MD 21202
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360
Baltimore, MD 21202

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

Michigan
(agent for service of process)

~~Michigan Department of Attorney General~~
Michigan Department of Commerce,
Franchise Section
Corporations and, Securities, and Commercial
Licensing Bureau
P.O. Box 30212
G. Mennen Williams Building, 7th
Floor 30018
Lansing, MI Michigan 48909
525 W. Ottawa St.
(517) 373-7117
P.O. Box 30212
Lansing, MI 48913

MINNESOTA

(state administrator)

Commissioner of Commerce
~~For service of process:~~
Minnesota Department of Commerce
Minnesota
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
~~Securities Franchise Registration~~
Minnesota Department of Commerce
85 7th Place East, Suite 280
~~85 7th Place East, Suite 280~~
St. Paul, ~~MN~~[Minnesota](#) 55101
~~St. Paul, MN 55101~~
(651) 539-~~1500~~[1600](#)

[NEW YORK](#)
~~New York~~
(state administrator)

NYS Department of Law
~~For service of process:~~
Investor Protection Bureau
~~Secretary of State of~~
[28 Liberty St. 21st Fl](#)
[New York, NY 10005](#)
[\(212\) 416-8222](#)

[\(agent for service of process\)](#)

[Attention: New York Secretary of State](#)
New York [Department of State](#)
[One Commerce Plaza](#)
~~28 Liberty St. 21st Fl~~
99 Washington Avenue, [6th Floor](#)
~~New York, NY 10005~~
Albany, NY [12231-0001](#)
~~(212~~[518](#))~~416~~ [473-8222](#)[2492](#)

NORTH DAKOTA

North Dakota
(state administrator)

North Dakota Securities Department

~~For service of process:~~

600 East Boulevard Avenue

~~North Dakota~~

State Capitol – 14th Floor

Bismarck, North Dakota 58505

(701) 328-4712

(agent for service of process)

Securities Commissioner

600 East Boulevard Avenue

State Capitol – 5th Floor, Dept. 414

~~State Capitol – 5th Floor~~

Bismarck, ND North Dakota 58505-0510

~~600 East Boulevard Avenue~~

(701) 328-4712

~~Bismarck, ND 58505-0510~~

RHODE ISLAND

Rhode Island

Principal Securities Examiner

~~For service of process:~~

~~Division of Securities~~

~~Director of Rhode Island~~ Department of

~~1511 Pontiac Avenue~~

Business Regulation

Division of Securities

John O. Pastore Complex, Bldg. Building 69-1

~~233 Richmond Street~~

1511 Pontiac Avenue

Cranston, RI Rhode Island 02920

~~Providence, RI 02903~~

(401) ~~492 462-9527~~

9645

SOUTH DAKOTA

South Dakota

~~Department~~ Division of Insurance

~~For service of process:~~

Securities Regulation

~~Department of Insurance~~

124 ~~South S.~~ Euclid, ~~Suite 104~~

~~Securities Regulation~~ Second Floor

Pierre, ~~SD~~ South Dakota 57501

~~124 South Euclid, Suite 104~~

(605) 773-3563

~~Pierre, SD 57501~~

VIRGINIA

(state administrator)

Virginia

State Corporation Commission

~~Director, Div.~~ Division of Securities ~~&and~~ Retail

Franchising ~~For~~

1300 East Main Street, Ninth Floor

Richmond, Virginia 23219

(804) 371-9051

(agent for service of process:)

Clerk, State Corporation Commission

~~Clerk of the State Corporation Commission~~

1300 ~~E. East~~ Main Street, ~~9th~~ 1st Floor

~~State of Virginia~~

Richmond, ~~VA~~ Virginia 23219

~~1300 E. Main Street, 1st Floor~~

(804) 371-9051

~~Richmond, VA 23219~~ 9733

WASHINGTON

(state administrator)

Washington

Department ~~Dept.~~ of Financial Institutions

~~For service of process:~~

Securities Division

~~Director of Department of Financial Institutions~~

P.O. Box ~~9033~~

Olympia, ~~WA~~ 98507-9033

~~P.O. Box 9033~~ Washington 98504-1200

(360) 902-8760

~~Olympia, WA-98507~~

Wisconsin
(agent for service of process)
~~Division of Securities~~
~~Wisconsin Commissioner of Securities~~
Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial
Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial
Institutions—~~Division of Securities~~
~~201 W. Washington Ave. Suite 300~~
~~201 W. Washington Ave., Fourth Floor~~
~~Madison, WI 53701-9033~~
P.O. Box 17688861
Madison, Wisconsin 53708-8861
~~(608)266-8559~~
~~Madison WI 53701-1768~~ 261-9555

EXHIBIT G

RENEWAL AND RELEASE AGREEMENT

RENEWAL AND RELEASE AGREEMENT

This Renewal and Release Agreement (this “Agreement”) is made this ____ day of _____, 20___. It is between **PATCHMASTER FRANCHISE, LLC** (“We/Us”) and **[INSERT FRANCHISEE ENTITY]** and **[INSERT OWNERS NAMES]**, Individuals (collectively You).

On or about [DATE], you and we entered into a **PatchMaster** franchise agreement (the “Previous Franchise Agreement”) for the operation of a **PatchMaster** franchise in the following territory: [TERRITORY] area designated by zip/postal codes: [POSTAL CODES].

You and we desire to enter into a renewal franchise agreement on the terms of our current franchise agreement forms.

You desire to release us from any and all claims whatsoever arising out of the negotiation, execution, delivery, and performance of the Previous Franchise Agreement.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. Renewal Franchise Agreement.

- A. The Previous Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties has not expired and has not been terminated. The provisions of the Previous Franchise Agreement concerning your obligations upon expiration, termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.
- B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms (the “Renewal Agreement.”). The Renewal Agreement may vary materially from the Previous Franchise Agreement. Royalty Service Fees, Marketing Contributions, and other fees will be set at the currently prevailing rates and terms.
- C. Concurrently with the execution of the Renewal Agreement, you will pay to us a Renewal Agreement Fee in the amount of **\$0.00**.

You represent that you and your designated management persons, if any, are in reasonably satisfactory condition of health to satisfactorily operate and perform the obligations of the Franchised Business. You acknowledge and agree that you and your designated management persons, if any, shall attend any and all marketing and operations and National Institute of Building Inspectors training as determined by us in our sole discretion. You shall bear all expenses related to such training, including travel, meals, lodging, salaries and wages for your employees and management persons, if any.

2. Communication of Confidential Information. Neither you nor your owners, officers, directors, or other persons enumerated in the Previous Franchise Agreement will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Previous Franchise Agreement, the substance of the **PatchMaster** operations manuals, or any other nonpublic information related to the operation of the **PatchMaster** franchise system. You represent and warrant that neither nor any listed individual has communicated or divulged any such information to anyone prior to the date of this

Agreement. You will continue to comply with all the confidentiality requirements of the Previous Franchise Agreement.

3. Release. You agree to the following general release, subject to and following the laws applicable, to release us from any claims they may have against us:

In consideration of the mutual covenants and understandings set forth in this release Agreement, you individually and collectively release and discharge us and our current and former owners, partners, directors, officers, employees, and agents from all obligations, duties, covenants and responsibilities to be performed under the Previous Franchise Agreement.

You do release and forever discharge us and our current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Previous Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

You represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims, known or unknown, arising directly or indirectly out of the Previous Franchise Agreement and the relationship between the parties including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under the Previous Franchise Agreement, including all the effects and consequences thereof.

These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. [In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:](#)

IF THE FRANCHISE YOU OPERATE UNDER THE AGREEMENT IS LOCATED IN CALIFORNIA OR ANY OF THE RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR

IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchise you operate under the Agreement is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the franchise you operate under the Agreement is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

4. Miscellaneous Provisions. This writing constitutes the entire agreement between the parties and supersedes all prior understandings among the parties with respect to its subject matter. This Agreement may not be modified or amended in a manner adverse to any party except by written agreement signed by that party. This Agreement is subject to the Renewal Agreement referred to herein, including without limitation its dispute resolution and choice of law and venue provisions.

This Agreement may be executed in counterparts.

*The rest of this page is left intentionally blank.
Signature pages follow.*

IN WITNESS WHEREOF, the parties have executed ~~this Agreement~~ and delivered this document on the date stated below.

PatchMaster Franchise, LLC,
a Delaware limited liability company

Sign: _____

Name: _____

Title: _____

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

Entity Name

Sign: _____

Name: _____

Title: _____

DATED: _____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL):

Individual Name

Sign: _____

DATED: _____

~~**PATCHMASTER FRANCHISE, LLC (“We/Us”):**~~

~~**FRANCHISE ENTITY (“You”):**~~

~~**By:** _____~~

~~**By:** _____~~

~~**Print Name:** _____~~

~~**Print _____ Name:**~~

~~**Title:** _____~~

~~**Title:** _____~~

~~OWNER (“You”):~~

~~Individual~~

~~OWNER (“You”):~~

~~Individual~~

EXHIBIT H

STATE SPECIFIC ADDENDA AND AGREEMENT RIDERS

STATE SPECIFIC ADDENDA

~~Following this page are disclosure addenda for specific states. If you or your Franchise Location is located in one of these states, please read the addendum for your state and the addendum to the Franchise Agreement (attached to the Franchise Agreement at Schedule 3) that may apply to your transaction with us.~~

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
PATCHMASTER FRANCHISE, LLC**

The following are additional disclosures for the Franchise Disclosure Document of PatchMaster Franchise, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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.

CALIFORNIA-ADDENDUM

~~The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of California.~~

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

2. ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA, SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

3. 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 FRANCHISE DISCLOSURE DOCUMENT ~~14 DAYS PRIOR TO EXECUTION OF AGREEMENT.~~

4. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US IN CERTAIN CIRCUMSTANCES TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

~~Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.~~

5. SECTION 31512.1 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES THAT ANY PROVISION OF THE FRANCHISE AGREEMENT, DISCLOSURE DOCUMENT, ACKNOWLEDGEMENT, QUESTIONNAIRE, OR OTHER WRITING, INCLUDING ANY EXHIBIT THERETO, DISCLAIMING OR DENYING ANY OF THE FOLLOWING SHALL BE DEEMED CONTRARY TO PUBLIC POLICY AND SHALL BE VOID AND UNENFORCEABLE: (A) REPRESENTATIONS MADE BY THE FRANCHISOR OR ITS PERSONNEL OR AGENTS TO A PROSPECTIVE FRANCHISEE; (B) RELIANCE BY A FRANCHISEE ON ANY REPRESENTATIONS MADE BY THE FRANCHISOR OR ITS PERSONNEL OR AGENTS; (C) RELIANCE BY A FRANCHISEE ON THE FRANCHISE DISCLOSURE DOCUMENT, INCLUDING ANY EXHIBIT THERETO; OR (D) VIOLATIONS OF ANY PROVISION OF THIS DIVISION.

6. ~~Our website address is www.patchmaster.com.~~ OUR WEBSITE, www.patchmaster.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. 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~~ www.dfpi.ca.gov.

7. ~~FDD~~The following paragraph is added at the end of Item 3:

Neither Franchisor, nor any person or franchise broker in Item 2 of the FDD 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. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

~~FDD Item 17 (in reference to Franchise Agreement Sections 3.2, 4.10.2, 9.2.4, 10, 11.8, 12.1, 12.2 and 12.9)~~

8. The following paragraph is added at the end of Item 6:

Interest Rate. The highest interest rate allowed by law in California is 10% annually.

9. The following paragraphs are added at the end of Item 17:

~~1) Termination and Nonrenewal.~~ California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

~~2) Bankruptcy.~~ 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) Post-Termination Noncompetition Covenants.~~ The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. ~~A contract which 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.~~

Pricing. Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices it sets for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

~~4) Dispute Resolution.~~ The Franchise Agreement requires all dispute resolution efforts including mediation and litigation to occur in the State of New Jersey with the costs being borne by the losing party. 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) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

~~5) Applicable Law.~~ The Franchise Agreement requires application of the laws of the State of New Jersey. This provision may not be enforceable under California law.

~~6) Liquidated Damages.~~ THE FRANCHISE AGREEMENT CONTAINS A LIQUIDATED DAMAGES CLAUSE. UNDER CALIFORNIA CIVIL CODE SECTION 1671, CERTAIN LIQUIDATED DAMAGES CLAUSES ARE UNENFORCEABLE.

~~7) Conditions for Renewal or Transfer.~~ YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SEC. 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE

FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SEC. 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043.)

~~8) Interest Rate. The highest interest rate allowed by law in California is 10% annually. The following paragraphs are added at the end of Item 19:~~

~~The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Studio. Franchisees or former franchisees, listed in this Franchise Disclosure Document, may be one source of this information.~~

~~ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW~~

~~THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.~~

~~THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.~~

~~DO NOT SIGN THE REPRESENTATIONS AND ACKNOWLEDGEMENT QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR STUDIO WILL BE LOCATED IN HAWAII.~~

~~For Hawaii franchisees, the conditions under which the franchise can be terminated and rights upon nonrenewal may be affected by Hawaii Revised Statutes, Section 482E-6.~~

~~FDD Item 17; Franchise Agreement (regarding Sections 3.2.7 and 9.2.4)~~

~~No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.~~

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE ILLINOIS FRANCHISE DISCLOSURE ACT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Illinois:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

~~FDD Item 5 (Franchise Agreement Sections 4.1)~~

~~Payment of the Initial Franchise Fee will be deferred until Franchisor has met its initial obligations 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.~~

~~FDD Item 17(v) (regarding Franchise Agreement Sections 12.1 and 12.2)~~

~~Item 17.v. "Choice of Forum" and w. "Choice of Law" are subject to 815 ILCS 705/4 and 705/41 of the Illinois Franchise Disclosure Act. Any litigation shall take place in Illinois and will be governed by Illinois law.~~

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

~~FDD Item 17 (regarding Franchise Agreement Sections 3.2; 3.3; and 10)~~

~~The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by 815 ILCS 705/19 and 705/20 Section 41 of the Illinois Franchise Disclosure Act and any other applicable Illinois law.~~

provides that any Any condition, stipulation or provision ~~in this Agreement or in the Acknowledgment Addendum~~ purporting to bind any person acquiring any Franchisee to waive compliance with ~~any provision of~~ the Illinois Franchise Disclosure Act or any other law of ~~the State of~~ Illinois is void.

**ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER
THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW**

FDD Item 5 (regarding Franchise Agreement Section 4.1)

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

1. The following language is added at the end of Item 5:

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.

FDD Item 11 (regarding Franchise Agreement Section 4.3.3)

2. The following language is added at the end of Item 11:

Franchisor will provide you with an annual accounting of the advertising fees collected.

FDD Item 17 (regarding Franchise Agreement Sections 3.2.7 and 9.2.4)

3. The following language is added at the end of Item 17:

~~Pursuant to COMAR 02.02.08.161L, any provision requiring the franchisee to sign a general release of any and all claims against Franchisor is amended to state that such release shall not apply to any liability under Maryland Franchise Registration and Disclosure Law~~

FDD Item 17 (regarding Franchise Agreement Sections 10.4 and 12.8)

~~The provisions of FA Sections 10.4 and 12.9 shall not act to reduce the statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years of the grant of the franchise. Further, any release of claims provided for in this Section 10.4 shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.~~

FDD Item 17 (regarding Franchise Agreement: Section 10.2.1)

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section ~~101~~1010 et seq.)

4. ~~FDD~~The following language is added at the end of Item 17(~~regarding Franchise Agreement: Section 12.2~~v):

A Ffranchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. ~~FDD~~The following language is added at the end of Item 17(~~regarding Franchise Agreement: Sections 13.9 and 13.10~~c) and Item 17(m):

~~The representations of this section 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.~~

Pursuant to COMAR 02.02.08.161L, any provision requiring the franchisee to sign a general release of any and all claims against Franchisor is amended to state that such release shall not apply to any liability under Maryland Franchise Registration and Disclosure Law.

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

FDD Item 6 (regarding Franchise Agreement Section 4.10 and Insufficient Funds Charges)

1. The following language is added to the end of Item 6:

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

FDD Item 13 (regarding Franchise Agreement Section 8.4.4)

2. The following language is added at the end of Item 6:

~~In the event Franchisee's right to the use of any name, mark or commercial symbol licensed hereunder is the subject of any claim, suit or demand (a "threat"), Franchisor shall either defend Franchisee against the threat or indemnify Franchisee from any loss, costs or expenses arising therefrom, provided and on condition, Franchisee:~~

The Item 6 item entitled "Lost Revenue Damages" will not be enforced to the extent prohibited by applicable law.

3. The following language is added to the end of Item 13:

- ~~A. delivers to Franchisor prompt written notice of the threat;~~
- ~~B. grants Franchisor written authorization to take unrestricted control over the defense and settlement of the threat with counsel of its choice;~~
- ~~C. did not cause or give rise to the threat due to a material failure to comply with Franchisor's previously communicated trademark usage requirements;~~
- ~~D. cooperates promptly and fully with Franchisor in the defense, mitigation, and/or settlement of the threat; and~~
- ~~E. does not jeopardize or compromise any right, defense, obligation or liability of Franchisor, by making any statement to, or entering into any agreement with, the threatening party which does not have the advance written consent of Franchisor, unless required by applicable law."~~

FDD Item 17 (regarding Franchise Agreement Sections 3.2, 10.2 and 10.3)

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

4. The following paragraphs are added to the end of Item 17:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. 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.

FDD Item 17 (regarding Franchise Agreement Section 11.8)

~~These provisions may not be enforceable under Minnesota law.~~

FDD Item 17(c) and (m) (regarding Franchise Agreement Sections 3.2.7 and 9.2.4)

~~The execution of a general release upon renewal or transfer shall be inapplicable to claims arising under the Minnesota Franchises law.~~

FDD Item 17(u) and (v); Franchise Agreement Sections 12.1;12.2; 12.7 and 12.8

Minnesota Statutes, Section 80C.21 and Minn. Rule Part 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 agreement 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.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by Governing Law with respect to claims arising under Minn. Rule 2860.4400D.

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
ARTICLE 33 OF THE NEW YORK GENERAL BUSINESS LAW**

~~The following provisions supersede the Disclosure Document and apply to all licenses or franchises offered and sold in 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 F 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 to be added at the end of Item 3:

~~Except as provided above, w~~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. ~~(a)~~ No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, unfair or deceptive practices, misappropriation of property or comparable allegations;

B. ~~(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. ~~(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 date of this Disclosure Document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations;

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

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

Neither ~~the franchisor nor its~~we, our affiliate, ~~its~~ predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately ~~before~~preceding the date of ~~this~~the Disclosure Document: (a) filed as a ~~a~~ 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 U.S. 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 ~~our~~the franchisor held this position in the company or partnership.”

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

We apply the initial franchise fee to defray our costs for ~~site review and approval,~~ sales franchisee screening and training, legal compliance, salary, and general administrative expenses and profits.”

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) ~~entitled “Termination by You”~~:

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

7. The following is added to ~~the end of the “Summary” sections of~~ Item 17(vj) titled **“Choice of Forum”**, and ~~Item 17(w), titled “Choice of Law”~~:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under the Franchise Agreement

8. The following is added to the end of Item 17(v):

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.

~~The Franchisor represents that this offering prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.~~

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

10. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**~~ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE
NORTH DAKOTA FRANCHISE DISCLOSURE ACT~~**

~~The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of North Dakota:~~

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

~~1. FDD Item 5 (Franchise Agreement Sections 4.1)~~ Payment of the Initial Franchise Fee will be deferred until Franchisor has met its initial obligations and franchisee has commenced doing business.

2. The following paragraphs are added to Item 6:

~~2. FDD Item 17(v) (regarding Franchise Agreement Section 12.2). To the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.~~

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the Franchise Agreement is considered unenforceable.

~~3. FDD Item 17(e) and (m) (regarding Franchise Agreement Section 3.2.7). To the extent prohibited by North Dakota Franchise Investment Law, North Dakota franchisees are not required to sign a general release upon renewal of the Franchise Agreement.~~

Sections of the Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

3. The following is added to the end of Item 17(v):

The North Dakota addendum contained in the Franchise Agreement provides that North Dakota franchisees are not required to consent to the jurisdiction of the courts outside of North Dakota.

4. The following is added to Item 17(c) and 17(m):

The North Dakota addendum to the Franchise Agreement has been amended to provide that North Dakota franchisees are not required to sign a general release upon renewal.

5. The following is added to the end of Item 17:

~~4. FDD Item 17 (regarding The North Dakota addendum to the Franchise Agreement Section 12.7).~~ To the extent prohibited by North Dakota Franchise Investment Law, North has been amended to provide the North Dakota franchisees are not required to waive their right to a jury trial.

6. The following language is added to the end of Item 6:

~~5. FDD Item 6 (regarding franchise Agreement Sections 11.8.3; 12.7 and 12.8). To the extent prohibited by The North Dakota addendum to the Franchise Investment Law, Agreement has been amended to provide that~~ North Dakota franchisees are not required to consent to a waiver of exemplary and punitive damages. The Franchise Agreement Sections on Liquidated Damages and the Item 6 entries in the chart for Liquidated Damages and the Deferred Training Fee are deleted.

~~6. FDD Item 6 (regarding Franchise Agreement Section 12.2). Sections of the Franchise Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.~~

7. The following is added to Item 17(r):

~~7. FDD Item 17(r) (regarding Franchise Agreement Section 11.8). Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.~~

8. The following is added to Item 17(u):

~~FDD Item 17(u) (regarding Franchise Agreement Section 12). The North Dakota Securities Commissioner has determined that franchise agreements which provide that parties agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business are unfair, unjust or inequitable. The franchise agreement is amended to provide the site of arbitration or mediation be agreeable to all parties and may not be remote from the franchisee's place of business.~~

~~9. Franchise Agreement Section 12.8 "Limitations of Claims." The statute of limitations under North Dakota law applies.~~

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE
RHODE ISLAND FRANCHISE INVESTMENT ACT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Rhode Island:

1. The following language is added to the end of Item 17(v) and 17(w):

Section 19-28.1: FDD Item 17 (regarding Franchise Agreement Section 12.1 and 12.2)."- 14
of Tthe Rhode Island Franchise Investment Act provides ~~with respect to a claim enforceable under~~
~~the Act that any~~that “A provision in a franchise agreement restricting jurisdiction or venue to a
forum outside ~~Rhode Island~~this state or requiring the application of the laws of another state
~~other than Rhode Island is void. Accordingly, Rhode Island laws will apply~~is void with respect to a
claim otherwise enforceable under ~~the~~this Act. To the extent required by applicable law Rhode
Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

**~~ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE COMMONWEALTH OF VIRGINIA~~**

~~The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Virginia:~~

1. The following language is added to the end of Item 17(h):

Under 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.

2. The following language is added to the end of Item 17(e):

~~1. FDD Item 17 (regarding Franchise Agreement Section 10.1 and 10.2).~~ 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 does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

~~ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE
WASHINGTON FRANCHISE INVESTMENT LAW~~

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

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement ~~in~~or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may that~~ supersede the franchise agreement ~~in~~or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including ~~the areas of termination and renewal of your~~those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. General Release. A release or waiver of rights ~~executed by a~~in the franchise agreement or related agreements purporting to bind the franchisee ~~may not include rights~~to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions ~~such as those which~~contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages may be void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

~~FDD Item 5—Payment of the Initial Franchise Fee will be deferred until Franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open.~~

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or

complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	August 6, 2024 Pending
Hawaii	May 24, 2024 Pending
Illinois	June 7 April 29, 2024 2025
Indiana	May 17, 2024 Pending
Maryland	July 1, 2024 Pending
Michigan	May 20 April 28, 2024 2025
Minnesota	July 18, 2024 Pending
New York	November 1, 2024 Pending
North Dakota	June 27, 2024 Pending
Rhode Island	June 9, 2024 Pending
South Dakota	May 17 April 29, 2024 2025
Virginia	May 17, 2024 Pending
Washington	September 16, 2024 Pending
Wisconsin	May 17 April 29, 2024 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I
RECEIPT OF DISCLOSURE DOCUMENT
RECEIPTS

ITEM 23
RECEIPT ~~OF DISCLOSURE DOCUMENT~~

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

If PatchMaster Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days (and 10 business days in Michigan) before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

Under Iowa law, PatchMaster Franchise, LLC must give you this Disclosure Document at the earlier of the 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

If PatchMaster Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified in Exhibit F.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Check as applicable:

Paul Ferrara, 57 Main Street, Chester, NJ 07930 (973) 944-4900

Joseph Eible, 57 Main Street, Chester, NJ 07930 (973) 944-4900

FranDevCo, 107 Parr Drive, Huntersville, NC 28078, (704) 703-9500

[Insert name, address and telephone number of any additional franchise sellers]: _____

Issuance date: ~~May 15~~ April 28, 2024 ~~2025~~

I have received a Franchise Disclosure Document dated ~~as indicated above~~ April 28, 2025, including the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (with Schedules)
- C. Table of Contents ~~of PatchMaster~~ to Operations Manual
- D. List of Franchisees
- E. List of Former Franchisees
- F. State Administrators/Agents for Service of Process
- G. Renewal and Release Agreement
- H. State ~~Specific~~-Addendum a
- I. Receipts

PROSPECTIVE FRANCHISEE:

DATED: _____

If a business entity:

If an individual:

~~(Signature)~~ _____

Name of Business Entity

(Print Name): _____

By: _____

Its: _____

~~(Full Name — Printed)~~ Dated: _____

(Print Name): _____

Dated: _____

~~(Identify Franchisee Corporate Entity for which you are an
Authorized Representative)~~

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- G. Renewal and Release Agreement
- H. State ~~Specific~~ Addendum a
- I. Receipts

~~DATED:~~ _____

PROSPECTIVE FRANCHISEE: _____

If a business entity:

Name of Business Entity _____

By: _____

Its: _____

(Print Name): _____

If an individual:

~~(Signature)~~ _____

(Print Name): _____

~~(Full Name - Printed)~~ Dated: _____

Dated: _____

~~(Identify Franchisee Corporate Entity for which you are an
Authorized Representative)~~

You may keep this copy of the receipt for your own records.