

FRANCHISE DISCLOSURE DOCUMENT



SAMCO, LLC
a Colorado limited liability company
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Sam the Concrete Man businesses provide concrete ~~and rigid pavement~~ repairs and improvement to existing homes, including but not limited to, driveways and walkways, ~~repairs, maintenance and sealers~~ and/or replacing those areas with an improved installation in a mobile environment within a specified geographic area (“STCM Business(es)”).

The total investment necessary to begin operation of a Sam the Concrete Man franchised business is between \$92,149 and \$145,~~393~~[993](#). This includes \$71,100 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Todd Stewart, franchise@samtheconcreteman.com or [67466912](tel:67466912) South ~~Revere Parkway~~[Quentin Street](mailto:franchise@samtheconcreteman.com), Suite ~~12510~~, Centennial, Colorado 80112, (303) 948-0140.

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

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

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

ISSUANCE DATE: April 1, ~~2022~~



2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
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 and Exhibit B include 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 concrete and rigid pavement repair 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 Sam the Concrete Man franchisee?	Item 20 or Exhibit F 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 your franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market and your hours of operation.

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

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

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

Some States Require Registration

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

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

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 Colorado. 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 Colorado than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **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.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

The fact 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 the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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EFFECTIVE DATES

RECEIPT PAGES

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA IN EXHIBIT G.

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

To simplify the language in this Franchise Disclosure Document, “SAMCO” and “we,” “us,” and “our” means SAMCO, LLC d/b/a Sam the Concrete Man, the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from SAMCO, LLC.

The Franchisor, its Parent, Predecessors, and Affiliates

SAMCO is a Colorado limited liability company formed on May 6, 2013. We operate under the name SAMCO, LLC and Sam the Concrete Man (“STCM”) and no other name. Our principal business address is 67466912 South ~~Revere Parkway~~ Quentin Street, Suite ~~12510~~, Centennial, Colorado 80112. We began offering STCM Businesses in September 2013. Since 2007, we have operated businesses similar to the one offered under this Franchise Disclosure Document. ~~Beginning in 2023, an affiliate company under the name QUALITY ASPHALT SERVICES, LLC d/b/a Sam the Asphalt Man (“STAM Businesses”) will begin operating businesses similar to STCM Businesses. STAM Businesses will provide asphalt and flexible pavement repairs and improvement to existing homes, including but not limited to, driveways and walkways, and/or replacing those areas with an improved installation.~~ We do not conduct any other business other than franchising and operating STCM ~~and STAM~~ Businesses. We have no parent or predecessor entities.

Our agent for service of process in Colorado is Todd Stewart, 67466912 South ~~Revere Parkway~~ Quentin Street, Suite ~~12510~~, Centennial, Colorado 80112. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer franchises (“STCM Franchise(s)” or “Franchises”) for the use of our “SAM THE CONCRETE MAN” trademarks, trade names, service marks and logos (“Marks”) for the operation of STCM Businesses. STCM Businesses are operated under our proprietary STCM system (“System”). The System may be changed or modified by us throughout your ownership of the Franchise. STCM Businesses provide concrete ~~and rigid pavement~~ repairs and improvement to existing homes, including but not limited to, driveways and walkways, repairs, maintenance and sealers and/or replacing those areas with an improved installation. In limited circumstances, STCM Businesses may also provide the same services to commercial sites or businesses. These services are provided in a mobile environment in a specified geographic area (“Territory”).

As each STCM Business is a mobile franchise, you will most likely operate your STCM Business from your home. All services are generally performed by owner-operators or employee technicians who are recruited by you and who are a part of your STCM Business.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one STCM Business for each Franchise Agreement you sign.

Market and Competition

STCM Businesses service the needs of residential and business customers. While you will offer your products and services to the general public and businesses, your target market will be those homeowners and business owners with concrete ~~and rigid pavement~~ repair, maintenance and sealers needs. Our services tend to be seasonal in nature, as STCM Businesses typically sell more products and services during the spring, summer and fall seasons. The market for concrete services and repair is competitive and well developed in most markets. STCM Businesses compete with other businesses including contractors, national companies and franchise programs, as well as local independent businesses that provide similar products and services.

Industry-Specific Laws

STCM Businesses are subject to various federal, state and local laws and regulations relating to the operation of home repair and concrete repair businesses, including contractors' licensing laws and related requirements. Before you begin operations, you must obtain all required licenses and approvals to operate your STCM Business, including compliance with state, local and other contractor's licensing and related requirements. State, local and other laws and regulations vary widely, can change over time, and can materially affect your ability to do business. Other federal, state and local laws of a more general nature which apply to most businesses may also apply to your STCM Business, and it will be your responsibility to comply with these laws, including employment, worker's compensation, insurance, corporate, taxing, licensing and similar laws and regulations. Any person who drives the vehicle used in the operation of your STCM Business must have a valid driver's license and each of your vehicles must be properly licensed. The requirements for these licenses may vary, depending on your location. You should independently investigate any applicable laws before purchasing a Franchise and are responsible for keeping apprised of changes that are made to any applicable law. An excellent source of information can be found at www.icri.org, the International Concrete Repair Institute, as well as the National Association of the Remodeling Industry, which publishes an industry review of state contractor licensing laws. In addition, you may be required to comply with manufacturer installation standards.

You alone are responsible for investigating, understanding and complying with all applicable laws, regulations and requirements applicable to you and your STCM Franchise, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your STCM Business.

ITEM 2 BUSINESS EXPERIENCE

CEO and President: Todd Stewart

Mr. Stewart has served as our CEO and President since our inception in May 2013 in Denver, Colorado. ~~Mr. Stewart also serves as CEO and President of QUALITY ASPHALT SERVICES, LLC d/b/a Sam the Asphalt Man since February 2022 in Denver, Colorado.~~

Owner/Member: Tom Croke

Mr. Croke has been an Owner/Member of SAMCO in Denver, Colorado since January 2014.

Owner/Member: Susan Stewart

Mrs. Stewart has been an Owner/Member of SAMCO in Denver, Colorado since January 2014.
Owner/Member: Scott Burrridge

Mr. Burrridge has been an Owner/Member of SAMCO in Denver, Colorado since January 2014.

Owner/Member: Jeff Progar

Mr. Progar has been an Owner/Member of SAMCO in Denver, Colorado since January 2014.

Co-Chairman of the Board: Robert Tunmire

Mr. Tunmire has been Co-Chairman of the Board in Denver, Colorado since October 2019. ~~Mr. Tunmire also serves as a consultant of QUALITY ASPHALT SERVICES, LLC d/b/a Sam the Asphalt Man in Denver, Colorado since July 2022.~~ Prior to that, Mr. Tunmire was Executive Vice President of Neighborly in Waco, Texas from 1982 to October 2019.

Chief Development Officer: Ronnie Musick

Mr. Musick has been our Chief Development Officer in Denver, Colorado since July 2022. ~~Mr. Musick also serves as the Chief Development Officer of QUALITY ASPHALT SERVICES, LLC d/b/a Sam the Asphalt Man in Denver, Colorado since July 2022.~~ Prior to that, Mr. Musick was our Vice President of Franchise Development in Denver, Colorado from October 2019 to July 2022. Mr. Musick was the Vice President of Development & Training at Neighborly, LLC in Waco, Texas from October 2006 until July 2019.

Chief Operations Officer: Le-John Roybal

~~Mr. Roybal has been our Chief Operations Officer in Denver, Colorado since September 2023. Prior to that, Mr. Roybal was the Regional Vice President of Franchise Operations at Sky Zone in Denver, Colorado from September 2022 to April 2023. Mr. Roybal was in multi-unit Licensed Store leadership at Starbucks Coffee Company in Denver, Colorado from January 2016 until September 2022.~~

Director of Training and Development: Rudy Peckman

Mr. Peckman has been our Director of Training and Development in Denver, Colorado since October 2019. Prior to that, Mr. Peckman was an estimator for Sam the Concrete Man from 2007 to October 2019 in Denver, Colorado.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

You must pay us an initial franchise fee of \$67,000 provided that your Territory is less than 125,000 households with an average annual income of \$60,000 or greater when you sign the Franchise Agreement.

Additional PopulationHousehold Fee.

If we permit you to purchase additional geographic areas for a specific Territory so that the Territory exceeds 125,000 householdhouseholds, then you must pay us an additional fee in an amount equal to the populationhouseholds in your Territory in excess of 125,000 households multiplied by \$0.39 (the “Additional PopulationHousehold Fee”). We do not anticipate granting a single Territory that exceeds 125,000 households. The Additional PopulationHousehold Fee is earned upon receipt and not refundable under any circumstances.

Second Territory Discount

If you license multiple contiguous Territories from us at the same time (for which you are signing separate Franchise Agreements for each Territory), the Initial Franchise Fee that you must pay for the second franchise will be \$49,500.

Special Pricing – “Tier 2 Franchise” with Target Household Count not exceeding 75,000

We require the minimum franchise fee described above in every case except in areas with a minimum target household of 30,000 and a maximum target household of 75,000 in which we will apply special pricing for the initial franchise fee if you qualify. To qualify, the Territory (i) must be within the target household size required (30,000 to 75,000); (ii) must not include a city of more than 50,000 target households; and (iii) must not be included within a standard metropolitan statistical area, be within 60 miles of a standard metropolitan statistical area or 60 miles of a city with a target household count over 40,000. In addition, if this special pricing applies (i) no other discounts, with the exception of the VetFran discount will apply; and (ii) the initial franchise fee for a Tier 2 franchise will be \$45,000.

The Initial Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your STCM Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement(s) and is deemed fully earned by us once paid and is non-refundable for any reason. The Initial Franchise Fee is uniform. During our last fiscal year which ended December 31, ~~2023~~2022, we collected an Initial Franchise Fee of \$~~646~~7,000 for the first location and an Initial Franchise Fee of \$~~474~~9,500 for additional locations. The Initial Franchise Fee is subject to the applicable discount as described below.

VetFran Discount

As a member of the International Franchise Association (“IFA”), we participate in IFA’s VetFran Program. If you are a United States or Canadian honorably discharged veteran (as such term is defined by us in our sole discretion) who meets our qualifications for purchasing a franchise, we will discount the Initial Franchise Fee by 10%. This discount applies only to the purchase of franchisee’s initial Territory and will not apply to second locations or additional territory purchased initially or in the future. In determining who is a “veteran,” we may be guided, in whole or in part, by any definitions we find appropriate, including definitions used by the federal government of the United States or Canada, as applicable, in determining who is eligible for federal benefits intended for veterans.

Initial Call Center/FeehSupported Services Fees

You must pay us the Initial Call Center/FeehSupported Services Fees of \$4,100, which includes the setup costs and your first three months of payments of the Call Center Fee and TechnologySupported Services Fee. The Initial Call Center/FeehSupported Services Fees are due in full at the time you sign the

Franchise Agreement and are deemed fully earned by us once paid and are non-refundable. The Initial Call Center/~~Fee~~Supported Services Fees are uniform.

**ITEM 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee ⁽²⁾	The “ <u>Royalty Fee</u> ” shall be 6% of Gross Revenue with a minimum monthly royalty fee. If your total Royalty Fee payments for the 9-month period from March through November of each year (the “Seasonal Period”) is less than the minimum royalty fee of: (i) \$2,500 per month during months 9 through 20; (ii) \$3,055 during months 21 through 32; and (iii) \$4,000 for months 33 and subsequent years from the time you sign your franchise agreement (“ <u>Minimum Royalty Fee</u> ”), you must pay us the difference between the two amounts.	Due on Friday <u>the 15th</u> of each week <u>month</u> for the previous week <u>month</u> ; Minimum Royalty Fee due on the 15 th of each month during the seasonal period.	<p>The Royalty Fee is based on Gross Revenue during the previous week<u>month</u>. Your Royalty Fee is an ongoing payment that allows you to use the Marks and the intellectual property of the System and for our ongoing support and assistance.</p> <p>The Minimum Royalty Fee is determined based on the length of time that you have been operating your STCM Business.</p>
Brand Building Fund Contribution	2% of your Gross Revenue.	Same as Royalty Fee	You must contribute 2% of your Gross Revenue to a system-wide “ <u>Brand Building Fund</u> ” for our use in promoting and building the STCM brand. This fee is due beginning with your first month of operation. The Brand Building Fund is discussed in Item 11.

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Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Local Advertising Fee	Varies; up to \$1,000 per week during the seasonal period	Due same as Royalty Fee following receipt of invoice	During the seasonal period, you are required to reimburse us, upon invoice, for local advertising we will procure on your behalf, until you obtain 15 estimates for each week, but in no event will this exceed \$1,000 per week. You are not charged this fee until your STCM Business is opened, nor are you charged this fee outside of this nine-month seasonal period.
Unauthorized Advertising Fee	\$500 per occurrence	Upon demand	This fee is payable to the Brand Building Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained, plus twenty percent (20%) of the premium for the administrative cost of obtaining the insurance.
Additional Training or Assistance Fees ⁽³⁾	Then-current fee (currently approximately \$450 per trainer per day), plus expenses	As incurred	We provide initial training at no cost for one person. We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. The fee amount will depend on the duration and type of training required.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Call Center/ Fee <u>Supported Services</u> Fee ⁽⁴⁾	Then-current fee (\$1,366.66 monthly payment during the months of March through November for a total payment of \$12,300 annually)	Due one month in advance of service on the 1st day of each month from March through November	This fee will be prepaid during the first three months that your STCM Business is open for business.
Bookkeeping Fee ⁽⁵⁾	Then-current fee (\$200 monthly payment)	As incurred	We provide bookkeeping services for your franchised business. This includes gathering data, entering it into QuickBooks and reviewing the final Profit and Loss Statements with you each month.
Convention Fee	Then-current fee (currently estimated to be \$1,500 per attendee)	Within ten days of the beginning of any annual convention	This fee is due if you do not attend our annual convention in any given year. Franchisees who do attend the convention will pay all salary and other expenses of each person attending, including any conference fees, travel expenses, meals, living expenses and personal expenses.
Supplier and Product Evaluation Fee	Cost of inspection and test of sample (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect or test a new product, service, or proposed supplier nominated by you.
Replacement of Confidential Operations Manual	Then-current fee (currently \$500)	On demand	Payable if your copy of the confidential operations manual is lost, destroyed or significantly damaged.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Customer Issue Resolution/ Warranty Work Reimbursement	Reasonable costs we incur for responding to a customer complaint, which varies	On invoice	Payable if a customer of your STCM Business contacts us with a complaint and we provide a refund, other value to the customer, or the full value of the services performed by another franchisee or contracting company to repair or redo services performed by you as part of our addressing the issue. This also applies to any warranty work that we or another franchisee may perform in your Territory at our discretion.
Payment Service Fee	Up to 4% of total charge	As incurred	If payment is made to us or our affiliate by credit card for any fee required, we may charge a service charge of up to four percent (4%) of the total charge.
Late Fee and Interest on Overdue Payments	A late fee of \$25 per day and interest equal to the lesser of 1.5% or the highest rate allowed by law	On demand	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Insufficient Funds Fee	The greater of \$100 per occurrence, or the highest amount allowed by law. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report within five days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Building Fund. You will continue to incur this fee until you submit the required report.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses, plus the lower of 1.5% interest or the maximum rate allowed by law per month on understatement	Ten days after billing	You will be required to pay this if an audit reveals that you understated weekly Gross Revenue by more than two percent (2%), or you fail to submit required reports.
Management Fee	\$200 per day, plus costs and expenses	As incurred	Payable if we manage the STCM Business in the event of your death, default or because you are in breach of the Franchise Agreement.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal, accounting or other professional fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or for any costs or fees we incur for any transfer that is not completed.
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses, including professional fees, which we or our representatives incur related in any way to your STCM Business or Franchise.
Renewal Fee	\$6,000	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a renewal franchise agreement (also known as a successor franchise agreement). This fee is commonly referred to as a “successor fee” or “renewal fee.”

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee	The greater of \$20,000 or 5% of sale price, plus costs of training. No transfer fee if transferred to a wholly-owned company, but must reimburse our legal expenses	\$1,000 non-refundable deposit at time of transfer application submittal, and the remaining balance of fee at time of approved transfer	Payable in connection with the transfer of your STCM Business, a transfer of ownership of your legal entity, or the Franchise Agreement. There are various other conditions you must meet for us to approve your transfer request.
Liquidated Damages ⁽⁶⁾	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your STCM Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. **Fees.** All fees paid to us, or our affiliates are uniform and non-refundable under any circumstances once paid. All fees are generally imposed uniformly on all franchisees who sign our current Franchise Agreement. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. You must maintain a bank account from which funds can be transferred to us with a minimum balance of \$1,500 against which we will withdraw funds due to us. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT Authorization (in the form attached to this Franchise Disclosure Document in Exhibit H) in conjunction with opening of the bank account. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you have not timely reported the Gross Revenues to us for any reporting period, then we may debit your account in an amount equal to (a) the fees transferred from our account for the last reporting period for which a report of the Gross Revenues was provided to us; or (b) the amount due based on information retrieved from our approved computer system. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Royalty Fee. The term “Gross Revenue” means the revenues you receive from the sale of all goods, products and services sold at, from, or through your STCM Business and all other income, revenue and consideration of every kind and nature related to the STCM Business, whether for cash or credit, and regardless of collection in the case of credit, and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority; and (b) any bona fide refunds you make to customers. If you render services to a customer or otherwise recognize a sale (whether or not you have received payment from the customer), the amount of Gross Revenue upon which the Royalty Fee is calculated will include any services that began during the calculating period, regardless of whether the services are complete. The Royalty Fee is six percent (6%) of the previous ~~week’s~~month’s Gross Revenue. If your total Royalty Fee payments for any month during the seasonal period is less than the Minimum Royalty Fee listed in the chart below, you must pay us the difference between the two amounts. The Minimum Royalty Fee, if applicable, is due on the 15th of each month. The Minimum Royalty Fee is determined based on the length of time that you have been operating your STCM Business. ~~If your first year of operations is less than 12 months, your Minimum Royalty Fee will be prorated based on the number of months your STCM Business was in operation.~~ The Minimum Royalty Fee figures identified below are not, and should not be considered, an earnings claim or financial performance representation for your STCM Business. If your Royalty Fee payments for any month during the seasonal period is less than the Minimum Royalty Fee listed in the chart below, you must pay us the difference between the two amounts.

Minimum Monthly Royalty Fee		
Months 9 - 20	Months 21 - 32	Months 33+
\$2,500	\$3,055	\$4,000

3. Additional Training or Assistance Fees. If you require or request additional on-site assistance beyond the initial training, we may send a representative to provide further assistance to you or require you to come to our affiliate office or other designated location. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance if you are not meeting our requirements or if we determine, in our sole discretion, additional pre-opening or post-opening assistance is required or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. Such additional assistance will be at your expense as described above.
4. Call Center/~~Fee~~Supported Services Fee. Call center services may include answering incoming calls, quoting pricing, describing service offerings, scheduling appointments, entering client data into the current system software being utilized and available to each franchisee. In addition, this fee covers certain technologies used in the operation of your STCM Business, including access to our proprietary WebScheduler software, website hosting, an Intranet site, and other services. We reserve the right to increase this fee in our sole discretion upon 30-days’ prior written notice in the event we upgrade, modify or add new software or technology for use in the STCM Business. You will be responsible for any increase in fees that result from any upgrades, modifications or additional software.

5. Bookkeeping Fee. We will provide bookkeeping services for your franchised business. This includes gathering data from your banking account, entering it into QuickBooks and reviewing the final Profit and Loss Statements with you each month. ~~We may not charge this fee during the first 3 months of the operation of your franchised business.~~ This fee may be waived, at our discretion, if you are able to operate and provide the necessary reports through QuickBooks without our assistance.

6. Liquidated Damages. Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees and Brand Building Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your STCM Business through the date of early termination, multiplied by the lesser of: (i) 24; or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$10,000.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee	\$67,000	\$67,000	Lump Sum	When you sign the Franchise Agreement	Us
Equipment ⁽¹⁾	\$1,000	\$3,000	As Agreed	As Incurred	Third Parties
Vehicle ⁽²⁾	\$0	\$1,500	As Agreed	As Incurred	Third Parties
Vehicle Signage ⁽³⁾	\$500	\$3,000	As Agreed	As Incurred	Third Parties
Registration and Taxes ⁽⁴⁾	\$0	\$2,500	As Agreed	As Incurred	Third Parties
Computer Hardware and Software ⁽⁵⁾	\$500	\$2,000	As Agreed	As Incurred	Third Parties
Office Equipment and Supplies ⁽⁶⁾	\$500	\$2,000	As Agreed	As Incurred	Third Parties
Initial Call Center/ Fee <u>Support Services Fee</u> ⁽⁷⁾	\$4,100	\$4,100	As Agreed	Before Opening	Us
<u>Bookkeeping Fee</u> ⁽⁸⁾	<u>\$0</u>	<u>\$600</u>	<u>As Agreed</u>	<u>Before Opening</u>	<u>Us</u>
Initial Marketing Expenditures ⁽⁸²⁾	\$5,000	\$10,000	As Agreed	As Incurred	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Business Licenses and Permits ⁽⁹¹⁰⁾	\$500	\$1,000	Before Opening	Before Opening	Third Parties
Professional Fees	\$0	\$2,500	As Incurred	As Incurred	Third Parties
American Concrete Institute Fee ⁽⁴⁰¹¹⁾	\$99	\$188	Before Opening	Before Opening	Third Parties
Insurance ⁽⁴¹²⁾	\$1,500	\$3,040	As Agreed	As Incurred	Third Parties
Travel and Initial Training Expenses ⁽⁴²¹³⁾	\$1,450	\$1,565	As Incurred	As Incurred	Third Parties
Additional Funds – 3 months ⁽⁴³¹⁴⁾	\$10,000	\$42,000	As Agreed	As Incurred	Third Parties and Us
TOTAL ESTIMATED INITIAL INVESTMENT	\$92,149	\$145, 393 <u>93</u>			

Notes:

1. Equipment. This estimate includes miscellaneous tools, including some hand tools (“Equipment”). You may use Equipment that you currently own, subject to our approval, provided the Equipment is in good working condition. We reserve the right to revoke any Equipment should it not meet minimum standards, as solely determined by us. The lower cost assumes rental expenses and includes the first three months of rental of the Equipment. The higher cost assumes outright purchase of all Equipment to minimize your ongoing expenses.
2. Vehicle. STCM Business must use a dedicated vehicle (“Vehicle”) in order to make sales calls and transport Equipment to each job site. We require that the Vehicle meets our then-current specifications set forth in our Confidential Operations Manual. You may use a Vehicle that you currently own; provided that the Vehicle is in good condition with no major dents or scratches or body damage, subject to our approval. We reserve the right to revoke a Vehicle approval should the Vehicle no longer meet minimum standards, as solely determined by us. We anticipate that you will only need one Vehicle for the operation of your STCM Business, but you may utilize additional Vehicles. The low estimate assumes that you are using a Vehicle that you currently own and the high end of the estimate provides up to three months of lease payments on either a 36-month or a 48-month lease for one dedicated Vehicle.
3. Vehicle Signage. This estimate includes the costs to fully brand the Vehicle.

4. Registration and Taxes. This estimate includes the sales taxes and registration and license plate fees for your Vehicle imposed by your home state. The low estimate assumes that you are using a Vehicle that you currently own. You are required to pay all federal and state tax, title, licenses and other costs of titling the Vehicle. You should check with your local county clerk's office or other governmental titling office for your state's tax rate and the exact cost to title and license your Vehicle. You are solely responsible for any tax, title and licenses.
5. Computer Hardware and Software. You will need a computer that is capable of connecting to the Internet both in the office and mobile.
6. Office Equipment and Supplies. This estimate includes the cost of obtaining the necessary furniture, office equipment and supplies to set up a home office. The low estimate assumes you use existing office furniture. The high end includes the cost of purchasing office furniture.
- ~~7.~~ Call Center/~~Fee~~Supported Services Fee. The Initial Call Center/~~Fee~~Supported Services Fee includes the setup costs and your first three months of payments of the Call Center/~~Fee~~Supported Services Fee, which is payable to us. The Call Center/~~Fee~~Supported Services Fee is only paid during the nine-month seasonal period; therefore, these monthly fees are prorated over 9 months. See Item 6 and Item 11 for additional information.
- ~~7.8.~~ Bookkeeping Fee.
- ~~8.9.~~ Initial Marketing Expenditures. The Franchise Agreement requires you to spend a minimum of \$5,000 for pre-opening marketing in local advertising, promotion and publicity to generate sufficient awareness during the first three months of operation of your STCM Business. This is in addition to your Local Advertising Fee. We will maintain an Internet site for prospective customers and an Intranet site for you and other franchisees. See Item 6 and Item 11 for additional information.
- ~~9.10.~~ Business Licenses and Permits. You must obtain the required licenses and permits that are required by your city, county and state to operate a STCM Business. This estimate will vary by locale.
- ~~10.11.~~ American Concrete Institute Fee. This estimate includes the expense you will incur for online training required prior to attending business training in Denver, Colorado. See Item 11 for additional information.
- ~~11.12.~~ Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a STCM Business, your rates may be significantly higher than those estimated above.
- ~~12.13.~~ Travel and Initial Training Expenses. This estimate includes the expense you will incur in attending our initial training program, including travel expenses to Denver, Colorado for five days.
- ~~13.14.~~ Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your STCM Business. They include payroll and other operating costs, but not any draw or salary for you. They also include three months of Local Advertising Fees. The low estimate assumes that your first three months of operation are during non-seasonal months and you would not owe a Local Advertising Fee. The high estimate assumes that your first three months of operation are during seasonal months and that you would

have 12 weekly Local Advertising Fees payable during that time, with each of the three months having four Fridays. These figures do not include standard pre-opening expenses, Royalty Fees or other advertising fees payable under the Franchise Agreement or debt service and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your STCM Business opens for business. We relied on our experience in the offer and sale of STCM Franchises since 2013 as well as our experience in the operation of five company-owned businesses similar to the franchises offered by this Franchise Disclosure Document.

~~14.15.~~ Fees. All fees paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to third parties such as vendors or other suppliers may be refundable depending on the vendors and suppliers.

~~15.16.~~ Financing Initial Investment. If we refer you to a 3rd party lender for financing, we may agree to take a short-term promissory note until your financing is arranged. You must pay us a down payment of \$15,000 - \$20,000 when you sign the Franchise Agreement and pay the balance owed to us before the expiration of 90 days from the date on the promissory note. You must use the proceeds from any lender to pay any outstanding promissory note to us. If you pay the promissory note on time there will be no interest charged. If the promissory note is not paid on time we will charge you interest at the maximum rate allowed by law. You might also be required to pay us late fees. See Item 10 for additional information.

ITEM 8 RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

You must operate your STCM Franchise according to our System and specifications. We may furnish you from time to time lists of approved supplies and/or suppliers. We reserve the right to require that you only use approved products, inventory, supplies, fixtures, equipment, computer and hardware software, and other items (the “approved supplies”) related to establishing and operating the STCM Franchise, as set forth in the approved list contained in the Confidential Operations Manual or as set forth in writing, which we may amend from time to time. We also may develop and research new products or services as we determine necessary. We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or our affiliates may be that single source. Currently, we ~~are the approved supplier for the provide~~ call center, call routing, and scheduling services as well as technology services. ~~(See Items for the fees stated in Item 6 and 11).~~ In addition, we are the approved supplier for Sam's Super Sealer which you will be required to purchase from us beginning in 2024.

Our confidential operations manual (“Confidential Operations Manual”) states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your STCM Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Confidential Operations Manual or through written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, Equipment, signs and supplies (collectively, the “Operating Assets”) that conform to the standards and specifications described in the Confidential Operations Manual or otherwise in writing. You must use the computer hardware and software that we periodically designate to operate your STCM Business. You must obtain the computer hardware, software licenses, maintenance and support services, and other related

services that meet our specifications from the suppliers we specify (which may be limited to us and/or our affiliates).

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your STCM Business is located and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. You must maintain in force at your sole expense comprehensive commercial general liability aka Paper Contractors insurance and other types of insurance we may require in the future. The general liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with the STCM Franchise operation or activities of your personnel in the course of their employment. Currently, our minimum insurance requirements include comprehensive general liability insurance, with a combined single limit in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate. This policy must contain the minimum coverage we prescribe from time to time in our Confidential Operations Manual.

You must deliver to us at commencement and thereafter annually or at our request a proper certificate of insurance evidencing the existence of the required insurance coverage. We may also request copies of all insurance policies. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties and state that we will receive at least 30 days' prior written notice of any intent by the insurer to reduce coverage or policy limits, cancel or amend the policy.

You agree not to permit any third party sub-contractor to perform any work or offer services on your behalf unless such sub-contractor maintains insurance coverage in such amounts and types as you are required to maintain under the Franchise Agreement, and such insurance names us as an additional insured, or otherwise has the required insurance coverage through your insurance policies. You agree to maintain evidence of such insurance by your subcontractors and to provide such proof of insurance as we have the right to require from time to time.

Purchases from Approved Suppliers

We will provide you with a list of our designated and approved suppliers in our Confidential Operations Manual. We may update the list of approved suppliers in the Confidential Operations Manual at any time and will notify you of such change. We do not provide material benefits to you based solely on your use of designated or approved sources.

We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or our affiliates may be that single source. You must pay the then current price in effect for any purchases from us or our affiliates and we may derive revenue for such purchases. You must purchase all products, Equipment, supplies and materials only from approved suppliers (including manufacturers, wholesalers and distributors). We estimate that approximately seventy-five percent (75%) of purchases required to open your STCM Business and twenty-five percent (25%) of purchases required to operate your STCM Business will be from us or from other approved suppliers, and under our specifications.

Neither we and our affiliates do not receive rebates or other consideration from suppliers in consideration for products or services that we require or advise you to obtain from approved suppliers; however, we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments.

We are the designated supplier of local advertising. We will procure local advertising on your behalf until you obtain 15 estimates per week. We will send you an invoice each week which you must pay at the same time as the Royalty Fee.

During the last fiscal year, ended December 31, ~~2023~~2022, we ~~derived \$6,264.00 in~~ did not derive ~~any~~ revenue from the sale or lease of products or services to franchisees. ~~This revenue represents approximately .0012% of our total revenue of \$4,895,310.00.~~ Some of our officers own an interest in SAMCO.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees and we may receive rebates or volume discounts from our purchase of Equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives.

Approval of New Suppliers

If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed supplier of approximately \$100 to \$500 per evaluation (See Item 6). We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to STCM Franchises to ensure timely deliveries of the products or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. Our written approval must be received before you use products not purchased from an approved supplier. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

Effects of Compliance and Noncompliance

You must comply with our requirements to purchase, lease or use the products and services according to our specifications and/or from approved suppliers to be eligible to renew your STCM Franchise. Failure to comply with these requirements will render you ineligible for renewal and may be a default allowing us to terminate your STCM Franchise. We do not provide any other material benefits (such as renewal or granting additional STCM Franchises) to you for purchasing particular products or services or using particular suppliers.

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**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Section 2A	Items 7, 8, 11 and 12
(b) Pre-opening purchases/leases	Sections 2B, 2C, 2F, 2G and 9C	Items 5, 7, 8, and 11
(c) Site development and other pre-opening requirements	Sections 2A, 2B, 2C, 2E, 2F, 2G, 3A and 9C	Items 7, 8 and 11
(d) Initial and ongoing training	Section 4	Items 6, 7 and 11
(e) Opening	Section 2E	Item 11
(f) Fees	Sections 2E, 3, 4A, 4B, 8F, 8G, 9A, 9B, 9C, 10, 11B, 12C, 12E, 13A, 14C and 17D	Items 5, 6 and 7
(g) Compliance with standards and policies/operating manual	Sections 4C, 4D and 8I	Items 8 and 11
(h) Trademarks and proprietary information	Sections 1A, 1F, 5 and 6	Items 13 and 14
(i) Restrictions on products/services offered	Section 2B	Items 8, 11, 12 and 16
(j) Warranty and customer service requirements	Sections 1B(5) and 8C	Item 6
(k) Territorial development and sales quotas	Sections 1E and 1F	Item 12
(l) Ongoing product/service purchases	Sections 2B, 2C, 2F, 2G and 8	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Sections 2 and 8	Items 8, 11, 16 and 17
(n) Insurance	Sections 2E, 8E and 8G	Items 7 and 8
(o) Advertising	Section 9	Items 6, 7, 8 and 11
(p) Indemnification	Section 16D	Item 6
(q) Owner's participation/management/staffing	Sections 4A, 4F, 8E and 8F	Items 11 and 15
(r) Records and reports	Section 10	Items 6 and 17
(s) Inspections and audits	Section 11	Items 6 and 11

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(t) Transfer	Section 12	Item 17
(u) Renewal	Section 13	Item 17
(v) Post-termination obligations	Section 15	Item 17
(w) Non-competition covenants	Sections 7 and 15E	Items 15 and 17
(x) Dispute resolution	Section 17	Item 17

ITEM 10 FINANCING

We have no obligation to provide you any financing but we may agree to finance a portion of the Initial Franchise Fee for qualified prospective franchisees under the terms and conditions described below. Our decision to finance the Initial Franchise Fee will be based, in part, on your credit-worthiness, whether or not you have applied for a Small Business Administration loan, and our then-current financing policies.

We may periodically agree with 3rd party lenders to make financing available to our qualified franchisees and we may, in our sole discretion, refer you to a 3rd party lender for financing. We have no control over whether financing will be offered to you by any 3rd party lender. The lender is not obligated to provide financing to you or to any other franchisee that the lender finds does not meet its credit requirements and loan criteria. If we refer you to a 3rd party lender for financing, we may agree to take a short-term promissory note until your financing is arranged. If we do, you must sign a promissory note when you sign the Franchise Agreement. An example of our short-term promissory note is attached as Exhibit E to this Franchise Disclosure Document. You must pay us a down payment when you sign the Franchise Agreement and pay the balance owed to us before the expiration of 90 days from the date on the promissory note. You must use the proceeds from any lender to pay any outstanding promissory note to us.

We limit the amount that we will agree to finance to a specified amount. Currently, for a standard STCM Business you must make a down payment of \$15,000 - \$20,000 and we will finance the remaining amount for a period of ninety days from the date on the promissory note. If you pay the promissory note on time there will be no interest charged. If the promissory note is not paid on time we will charge you interest at the maximum rate allowed by law. You might also be required to pay us late fees.

You must make note payments to us by automatic bank draft. Some banks and other financial institutions may charge a fee for electronic transfers but these electronic transfer fees are often negotiable.

You may prepay the note at any time without penalty. If you default, we may declare the entire remaining amount due. If you do not pay us the entire balance, and any accrued, unpaid interest, you may be responsible for the court costs and attorneys' fees we incur in collecting the debt from you. We may also terminate your Franchise Agreement if you do not pay us.

You must waive your rights to certain notices of a collection action in our promissory note and you must sign a general release. If you are a legal entity, your shareholders, members, partners and/or owners must personally guarantee the debt and agree to pay the entire debt and all collection costs. We have the right to require a spouse's personal guaranty.

We may sell, assign or discount any promissory note or other obligation arising out of the Franchise Agreement to a 3rd party. However, we have no arrangements with 3rd party lenders at this time. If we sell or assign your promissory note, it will not affect our obligation to provide the services to you that are described in the Franchise Agreement but the 3rd party may be immune under the law to any defenses to payment you may have against us.

We do not currently derive income from referrals or placement of financing with any 3rd party lender. However, we may require payment from you or other persons for the placement of financing in the future. If, in the future, we charge for placing financing, we expect to use the payments to offset our expenses in doing so. Currently, the franchisor and the Small Business Administration are the only lenders being made available to the franchisees.

We do not guarantee your obligations to third parties.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM, AND TRAINING

Except as listed below, SAMCO is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your STCM Franchise, we (or our designee(s)) will provide the following assistance and services to you:

1. Designate your Territory (See Franchise Agreement – Section 1E).
2. Because you do not have to locate a site from which to operate your STCM Business, we do not provide you with assistance in doing so. You may open an office, but it is not required. You will not need our approval in approving the site of your office if you choose to open one. You must find a location to store your Vehicle, which may be at your residence, if permitted. The storage location must meet certain basic requirements described in the Confidential Operations Manual (See Franchise Agreement – Section 2A).
3. Provide you with mandatory and discretionary specifications for your STCM Business, including standards and suggested criteria for design, image and branding of Vehicles and other trade dress (See Franchise Agreement – Section 8A).
4. Identify Operating Assets and other products and supplies that you must use to develop and operate your STCM Business (See Franchise Agreement – Sections 2B, 2C, 2E, 2F, 2G and 8).
5. Establish minimum standards and specifications that you must satisfy while operating your STCM Business and identify the designated and approved suppliers from which you are required to purchase and/or lease items for your STCM Business (See Franchise Agreement – Sections 2B, 2C, 2E, 2F, 2G and 8).
6. Loan to you, or make available to you on our website, one copy of our Confidential Operations Manual, the current table of contents of which is listed below. As of the date of this Franchise Disclosure Document, the Confidential Operations Manual contains approximately 28 pages (See Franchise Agreement – Section 4D).

7. Provide an initial training program in Denver, Colorado or another location designated by us (“Initial Training Program”) for you (if you are an individual) or your managing owner (if you are an entity) or your designated manager (See Franchise Agreement – Section 4A). If you want to have additional persons attend the Initial Training Program, then you must pay to us a daily attendance fee in an amount set by us for each trainer providing training in the training session (See Item 6). You must also pay the wages, travel, lodging and living expenses of each additional attendee of yours. All persons who attend our Initial Training Program must complete it to our satisfaction.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the STCM Business is approximately 90 days. This estimate assumes that you will be working from your home. You must open your STCM Business within three months after signing the Franchise Agreement. Some factors which may affect this timing are your ability to secure any necessary financing; your ability to obtain any necessary permits and certifications; your ability to complete the Initial Training Program; and the timing of the delivery of Equipment, tools and inventory. If you fail to open your STCM Business within three months of signing the Franchise Agreement, then you will have the right to request, in writing, one or more 30-day extension periods to open the STCM Business, not to exceed 90 days from the required opening date in total.

You may not open your STCM Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the Initial Training Program to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (5) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received and installed your fixtures, Equipment, supplies, inventory and related materials. You must be prepared to open and operate your STCM Business immediately after we state your STCM Business is ready for opening.

For those franchisees who purchase an additional territory initially, you must open the second location when you have achieved \$750,000 in sales or in 18 months from the opening of the first location, whichever comes first.

Continuing Obligations

During the operation of your STCM Business, we (or our designee(s)) will provide the following assistance and services to you:

1. At your reasonable request, consult with you by telephone, email or other methods regarding the continued operation and management of your STCM Business and advise you regarding services, sales techniques, product supply, customer relations and similar topics (See Franchise Agreement - Sections 4B and 4C).

2. Advise you regarding your STCM Business operation based on your reports and our inspections. We also will guide you on standards, specifications and operating procedures and methods that STCM Businesses use; purchasing required and authorized Operating Assets and other items and arranging for their distribution to you from us or the suppliers; advertising and marketing materials and programs; employee training; and administrative, bookkeeping, accounting and inventory control procedures. We will guide you through the Confidential Operations Manual, in emails or other written

materials, through the use of electronic media, telephone conferences and/or meetings at our offices or at your STCM Business (See Franchise Agreement – Sections 4B and 4C).

3. Continue to loan to you, or make available to you on our website, one copy of the Confidential Operations Manual, which may include audio and video media, compact disc media, computer software, other electronic media, and/or written materials. The Confidential Operations Manual contains mandatory and suggested standards, specifications, operating procedures and rules (“System Standards”). We may modify the Confidential Operations Manual periodically to reflect changes in System Standards (See Franchise Agreement – Sections 4D and 8).

4. Issue and modify System Standards for STCM Businesses. These modifications may require you to invest additional capital in your STCM Business and/or incur higher operating expenses (See Franchise Agreement – Section 8).

5. License to you for your use confidential and proprietary information designed to assist you in the operation of your STCM Business (See Franchise Agreement – Section 6).

6. License to you for your use our Marks, as set forth in greater detail below in Item 13 (See Franchise Agreement – Section 5).

7. Maintain and administer one or more websites to advertise, market and promote STCM Businesses and the products and services offered (each a “System Website”) (See Franchise Agreement – Section 9D).

8. For so long as we have a call center, operate and administer the call center (See Franchise Agreement – Section 3G).

9. We have the right to hold an annual conference at a location to be selected by us. We may choose to not hold an annual conference each year. We shall determine the topics and agenda for the conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding System operations and programs, and recognizing franchisees for their achievements. You will only pay a convention fee for each individual that is required to attend the annual convention and fails to attend. The convention fee is subject to change at any time in our sole discretion. We may require you or your manager to attend seminars, conventions, programs or meetings, on not less than 30 days’ prior written notice. We may use contributions from the Brand Building Fund for purposes related to the annual conference, including costs related to production, programs and materials (See Franchise Agreement – Section 4B).

10. We will provide bookkeeping services for your franchised business. This includes gathering data from your banking account, entering it into QuickBooks and reviewing the final Profit and Loss Statements with you each month. This service may be waived, at our discretion, if you are able to operate and provide the necessary reports through QuickBooks without our assistance.

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new Equipment or new techniques (See Franchise Agreement – Sections 1G, 8I and 8J).

2. Make periodic visits to your STCM Business for the purpose of assisting in all aspects of the operation and management of the STCM Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the STCM Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges (See Franchise Agreement – Section 4C).

3. Maintain and administer the Brand Building Fund. We may dissolve the Brand Building Fund upon written notice (See Franchise Agreement – Section 9A).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting STCM franchisees (See Franchise Agreement – Section 4B).

Advertising and Marketing

Initial Marketing Program

You must execute an initial marketing and advertising program (“Initial Marketing Program”). You must spend at least \$5,000 during the first three months of operation of your STCM Business. This expenditure is in addition to your local advertising fee, and you may be required to pay for the Initial Marketing Program at the same time local advertising fee payments are due, depending on whether or not your STCM Business opens during the seasonal period designated in your Franchise Agreement. The Initial Marketing Program must comply with our standards and specifications, as set forth in the Confidential Operations Manual, and you must use advertising, marketing and public relations programs, firms, media and materials that we approve in writing.

Brand Building Fund

We require you to contribute to a Brand Building Fund, which is a national marketing fund for marketing the System, the Marks and STCM Businesses. You must contribute two percent (2%) of your Gross Revenue per month (“Brand Building Fund Contribution”) to the Brand Building Fund in the manner we prescribe.

Your contribution to the Brand Building Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Building Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Outlets owned by us may, but are not required to, contribute to the Brand Building Fund on the same basis as franchisees.

The Brand Building Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Building Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Building Fund will be utilized. We may use the Brand Building Fund for local, regional or national marketing, advertising, sales promotion, and promotional materials; public and consumer relations; website development and search engine

optimization; the development of technology for the System; and any other purpose to promote the STCM brand. We may use any media for disseminating Brand Building Fund advertisements, including direct mail, print ads, the Internet, radio, billboards and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Building Fund for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting, and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the Brand Building Fund. We do not guarantee that advertising expenditures from the Brand Building Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Building Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available,” or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Building Fund or to maintain, direct or administer the Brand Building Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable.

The Brand Building Fund is not audited. Upon your written request, we will provide to you an annual, unaudited accounting for the Brand Building Fund that shows how the Brand Building Fund proceeds have been spent for the previous year.

We collected 2% Brand Building Fund Contributions during the last fiscal year, ended December 31, ~~2023~~2022.

Use of The Brand Building Fund in 2023 2022	
Production	37%
Media Placement	42%
Administration	5%
Other	16%
Total	100%

Local Advertising

In addition to the Brand Building Fund Contributions and the Initial Marketing Program, each STCM Business must pay to us a local advertising fee during your seasonal period (“Local Advertising Fee”). We will procure local advertising on your behalf until you obtain 15 estimates per week. Once you obtain your 15th estimate for the week, you are not obligated to pay for additional local advertising for that week. For purposes of calculating this fee, each week begins on Friday and ends the following Thursday. Your obligation for the Local Advertising Fee includes the day in which you obtain your 15th estimate. We will send you an invoice each week for the previous week, which you must pay at the same time as the Royalty Fee. In no event will the Local Advertising Fee exceed \$1,000 per week. You are not charged this fee until your STCM Business is opened, nor are you charged this fee outside of this nine-month time period. Depending on whether or not your STCM Business opens during your seasonal period designated in your Franchise Agreement, you may be required to pay the Local Advertising Fee at the same time you are executing the Initial Marketing Program. It is your obligation to ensure that we are notified that you have obtained 15 estimates and provide us with any required documentation.

You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other STCM franchisees under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all STCM Businesses, and you will not issue coupons or discounts of any type except as approved by us.

In addition to the Local Advertising Fee, you will be required to participate in any local or regional advertising cooperative for STCM Franchises that is established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative as set by cooperative members for each STCM Business that the franchisee owns that exists within the cooperative's area. STCM Business we own that exist within the cooperative's area are not required to contribute to the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. Each cooperative must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your Territory, you will be required to participate in compliance with the provisions of the Confidential Operations Manual, which we may periodically modify in our discretion. Your contributions to the cooperative, if any, will be credited against your Local Advertising Fee.

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

It is a material breach of the Franchise Agreement to use marketing material without obtaining our prior written approval. If you desire to use certain marketing materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your STCM Business, those items or services must be in your Gross Revenue and will be subject to Royalty Fees and the Brand Building Contributions. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Building Fund.

We may allow you to market your STCM Business through social media sites so long as you follow our online policies and procedures, which are contained in the Confidential Operations Manual. Our online policies and procedures may change as technology and the Internet changes. Under our online policies and procedures, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising and co-branding arrangements. We may not allow you to independently market on the Internet or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. We may require you to allow us access to your social media pages to manage content. In all social media activities, you must identify yourself as an independently-owned and operated franchisee. We intend any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve or disapprove any linking or other use of our website in our sole discretion.

System Website

We have established a System Website for STCM Businesses. Additionally, we have developed a local website (“Local Page”) for each STCM Business. Your Local Page will include information relating to your specific business location and select content that we provide from our Website. Your Local Page will also showcase Sam the Concrete Man products and services. You agree to use the supplier designated in the Confidential Operations Manual to establish your Local Page. You may not establish or maintain any other website or engage in any other electronic marketing of products or services without our prior written approval. We reserve the right to change the requirements relating to your Local Page at any time. Your monthly Call Center/~~Fee~~Supported Services Fee includes website maintenance fees to the supplier that provides website maintenance services. All such information shall be subject to our approval prior to posting. We retain the right to market on the Internet, including the use of websites, domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, metatags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and metatags, and in connection with linking, marketing, co-branding and other arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We may require you to provide us content for our Internet marketing. We retain the sole right to approve or disapprove any linking to, or other use of, the Sam the Concrete Man Website.

We may allow you to promote your business via alternate online strategies consistent with our online policy as contained in our Confidential Operations Manual. We have the right to review all online content on social media sites, blogs, in electronic communications and on other online sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks. We may require you to remove any questionable usage or content involving our trademarks. We may also require you to cease using our trademarks at all such sites or discontinue all use of such sites.

As long as we maintain a System Website, we will have the right to use the Brand Building Fund assets to develop, maintain and update the Local Page. We may update and modify the Local Page from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the Local Page. We may implement and periodically modify System Standards relating to the Local Page.

We are only required to reference your STCM Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your STCM Business from the System Website until you fully cure the subject default(s). You may not, without our prior written approval, develop, maintain or authorize any website that mentions or describes you, your STCM Business, or displays any of the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for Franchisee websites, you must agree to use our mediums. You may not sell products or services not approved by us in the Confidential Operations Manual on your STCM Business website without our prior written approval (See Franchise Agreement – Section 9D).

Advisory Council

We currently ~~do not have, but may establish,~~ a STCM Businesses ~~franchise advisory council~~ Franchise Advisory Council (“FAC”) that ~~will~~ serve in an advisory capacity only with respect to a variety of issues, one of which is to advise us on advertising and promotional activities. ~~We anticipate that the FAC will be established once there are approximately 20 STCM Businesses in operation. The FAC will be~~ The FAC is governed by by-laws. The purpose of the FAC is to provide input regarding the Brand Building Fund and to promote communications between us and all STCM Businesses. We ~~will~~ have the power to form, change, or dissolve the FAC, in our sole discretion.

Computer System

You are required to purchase a computer system that consists of the following hardware and software: (a) laptop computer or a tablet as described in the Confidential Operations Manual; printer; cell phone; and (b) QuickBooks Online software (“Computer System”). We estimate the cost of purchasing the Computer System will be approximately \$500 to \$2,000. You may use a computer that you currently own. You will pay us a Call Center/~~Fee~~Supported Services Fee, which includes your software licensing fee, website hosting, an Intranet site, call center services and other services. The Computer System will manage the daily workflow of the STCM Business, coordinate the customer ordering experience, track inventory, labor, and/or other information. You must record all revenue on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenue of your STCM Franchise. You must also maintain a high-speed Internet connection. In addition to offering and accepting STCM gift cards and loyalty cards, you must use any credit card vendors and accept all credit cards and debit cards that we determine. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). We are not required to provide you with any ongoing maintenance, repairs, upgrades or updates for the Computer System. The Call Center/~~Fee~~Supported Services Fee include limited technical support. We may charge you a reasonable fee for: (i) installing, providing, supporting, modifying and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System-related maintenance and support services that we provide to you.

You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances which we cannot predict at this time. In prior years we estimated the annual costs to range between \$4,000 and \$5,000. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your STCM Franchise, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of STCM Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your STCM Business, or from other locations.

Training

Initial Training

You or your managing owner or your designated manager, if you have one, must attend and complete the Initial Training Program to our satisfaction, as determined by the specific program instructors, by the date you open your STCM Business. We may provide training for additional people at the cost of \$450 per trainer per day. You are responsible for the wages, travel, lodging and living expenses of all attendees. The initial training fee is due in full at the time you sign the Franchise Agreement and is deemed fully earned by us once paid and is non-refundable. The Initial Training Program is held on an as-needed basis to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program.

We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending the Initial Training Program.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Pre-Training Checklist	1	0	Denver, Colorado
Introduction and Orientation	1-2	0	Denver, Colorado
History, Mission and Brand	3-4	0	Denver, Colorado
Franchisor/Franchisee Relations	1-2	0	Denver, Colorado
Business Model Finances	1-2	0	Denver, Colorado
Start-up and Daily Operations	6-8	0	Denver, Colorado
Customer Service	3-4	0	Denver, Colorado
Employees	3-4	0	Denver, Colorado
Technology and Web Scheduler	5-8	0	Denver, Colorado
Accounting	3-4	0	Denver, Colorado
Advertising & Marketing	3-4	0	Denver, Colorado
Estimating	0	6-8	Denver, Colorado
Corporate Communications	1	0	Denver, Colorado
Week in Review, Testing	2-3	0	Denver, Colorado
Totals	33-47	6-8	

Notes:

1. We will use the Confidential Operations Manual as the primary instruction materials during the Initial Training Program.
2. Todd Stewart, our CEO and President, will supervise and conduct some of the training. Mr. Stewart has over ~~46~~17 years of experience with all aspects of the STCM Business. Rudy Peckman, our Director of Training and Development, will also supervise and conduct most of the training. Mr. Peckman has ~~24~~22 years of experience with all aspects of the STCM Business and ~~24~~22 years of experience in the concrete industry.
3. Other instructors will include STCM personnel with at least ~~five years~~2 of experience in the ~~concrete~~franchise industry.

American Concrete Institute

Prior to attending the Initial Training Program, you will be required to complete two online courses and one certificate program through the American Concrete Institute ("ACI"). We reserve the right to alter the number of required classes in the future. Information regarding these classes will be provided to you after you have signed your Franchise Agreement and prior to attending the Initial Training Program. Currently, we have negotiated a membership price of \$99 per year; however, this amount may change in the future. This membership fee covers the cost of all online courses and certificate programs offered by ACI.

Ongoing Training

From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our STCM Initial Training Program before assuming responsibility for the management of your STCM Business. If we conduct an inspection of your STCM Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your STCM Business), which we may provide and you must pay our then-current fees and all costs and expenses.

Operations Manual

We will loan you a copy of our Operations Manual which contains mandatory and suggested specifications, standards and procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques, and management systems described in our Operations Manual or other written materials relating to your franchised business. The Operations Manual will contain both mandatory standards and recommended standards. You must treat the Operations Manual and other written materials created for or approved for use in the operation of your franchised business, and the information contained in them, as confidential. The Operations Manual will remain our sole property. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new and changed standard.

The table of contents from our Operations Manual is as follows:

Topic	No. of Pages
Letter from the Director	1
Sam The Concrete Man History	1
Why do Customers Choose Sam The Concrete Man?	1
Services of the Franchisor Organization	2
Responsibilities of a Sam The Concrete Man	2
Visits from the Corporate Office	4
Establishing a Sam The Concrete Man Business Introduction	1
Your Status as a Franchisee	2
Required/Recommended Bank Accounts	1
Setting Up Your Sam The Concrete Man Office and Vehicle Vehicle Requirements	1
Operating Assets	2
Licenses and Permits Initial Marketing Program	1
Online Promoting Policies	1
Required Insurance Coverages Requirements	3 1
Required Equipment and Supplies Ongoing Training Requirements	2
Contracting Utilities and Services	2
The Sam The Concrete Man Web Site Independent Owner/Operator	1
Selecting the Right Phone Service Designated Suppliers	1
Vehicle Specifications	3
Subcontractors	10
The Sam The Concrete Man Logo Specifications	4
Pricing Sam The Concrete Man Services	3
Paying Taxes	9
Paying Additional Fees	1
Territory Policies	1
Daily Operating Procedures Introduction	1
Suggested Hours	1
Duties and Responsibilities of the Owner Operator/Estimator	4
Basic Job Requirements	1
Uniform and Dress Code	1
Frequently Asked Questions	2
Establishing Days for Estimating	1
Preparing for Sam The Concrete Man Services	1
Estimate Packet	1

Topic	No. of Pages
Conducting Sam The Concrete Man Estimating	8
Using Technology to Manage the Sales Process	1
Scheduling a Project	1
Managing Signed Projects	3
Collecting Payments	1
Financing Options	1
Completing Projects and Reviews	1
QuickBooks and Bookkeeping	1
Sample Collections Letter—Final Notice	1
Sample Lien & Notice	2
Interacting with SAMCO Main Office	1
Preparing Financial Statements	1
Franchise <u>Financial</u> Reporting Requirements and Procedures	<u>51</u>
Using Approved Sources <u>Training Manual</u>	<u>225</u>
Driving Safely	1
Advertising / Brand Building Introduction	1
The Sam The Concrete Man Advertising Program	3
Approved Vendors for Printed <u>Example</u> Materials	<u>14</u>
Advertising Activity Report	1
The Value of Advertising	1
Guidelines for Using Sam The Concrete Man Marks	2
Sam The Concrete Man Brand Bible	9
Advertising Media	1
Project Estimate Packet	9
Direct Mail	2
Printed Advertising Materials	14
Home Show Check List	1
Home Show Estimate Form	1
Surfcoat Sealer	1
Specialty Advertising	1
Publicity	5
Word-of-Mouth Advertising	1
Referral Program	1
Community Involvement	1
Approval for Advertising	2
Advertising Materials from SAMCO, LLC	2

Topic	No. of Pages
Reviews & Request Tools	+
Online Promoting	+
Total Pages	+6241

ITEM 12 TERRITORY

You will receive a designated Territory that will be delineated by zip codes as determined by our business map software data from the US Census Bureau. Your Territory will contain between approximately 75,000 and 125,000 family households with an annual income of \$60,000 or more and include the businesses in the Territory. We will use commercially reasonable efforts to grant only one license to a STCM Business for any area with a population of approximately 75,000 to 125,000 family households with an annual income of \$60,000 or more. The population statistics used in determining your Territory will be based on numbers derived from the current U.S. Census report and supplemented with other information available and other population statistical sources of our choosing to determine populations. Your Territory will be identified in an attachment to your Franchise Agreement. In certain densely populated metropolitan areas, a territory may be considerably smaller, while franchisees operating in less densely populated urban areas may have significantly larger areas. During the term of the Franchise Agreement, and for so long as you are in compliance and subject to our reservation of rights below, we will not establish, franchise or license another person or entity to establish a STCM Business within the Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may directly market to or solicit customers whose principal business office or residence is outside of your Territory and may advertise in any media whose primary circulation is outside of the Territory, so long as all products and services are sold in your Territory or in accordance with our territory policies in the Confidential Operations Manual. You may provide services and sell products to clients located outside of the Territory if there is no other franchisee in that area and provided that you sell no more than twenty percent (20%) of your services outside of the Territory and you receive written permission from us to do so. If the area is later sold to another franchisee, you must turn any customers from that area over to the new franchise owner and you will not be allowed to provide services or sell products to any existing clients in the new territory. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise or operate STCM Businesses at any location outside of the Territory, regardless of the proximity to your STCM Business;
2. to use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of your Territory. This includes, but is not limited to, other channels of distribution such as television, through outlets at a fixed location, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except as provided in our online policy;
3. to offer and sell products under the Marks or any other marks, through retail locations within or outside of the Territory;

4. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering installation and replacement of ~~rigid pavement~~, concrete and similar surfaces, repairs, maintenance and sealers and any additional related products and services, at any location, including within the Territory, which may be similar to or different from the STCM Business operated by you;

5. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your STCM Business, wherever located;

6. to acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by STCM Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately-owned, and whether located inside or outside of the Territory, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Territory;

7. service national accounts (described below) within the Territory, or allow other STCM Businesses or third parties to service national accounts if a National Account customer of yours notifies us that it is dissatisfied with your service for any reason, or if you are in default, unable or unwilling to provide necessary products or services; and

8. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Territory.

If you wish to purchase an additional STCM Business, you must apply to us and we may, at our discretion, offer an additional STCM Franchise to you.

If you wish to relocate from your Franchise Location to a new business site, we will authorize you to do so; provided (i) you are not in default of the Franchise Agreement, any other agreements with us, or the lease for the former Franchise Location (ii) you are current on your financial obligations to us and our affiliates and all your third party creditors, (iii) you open for business at the new location on the same day you close your former Franchise Location and (iv) the new business site is within your Territory.

We retain the rights to service or designate ourselves or other STCM Businesses to service national accounts in your Territory. You are not entitled to any national account work in your Territory. “National Account” means any customer: (i) that conducts its business for its own account or through agents, affiliates, independent contractors or franchisees in two or more states in the United States; (ii) a regional or national chain with eight or more locations which client or chain has contracted with us to obtain Sam The Concrete Man products and services for three or more of its locations from us and/or STCM Businesses; or (iii) which owns, manages, controls or otherwise has responsibility for STCM Businesses in more than one location and whose presence is not confined within any one particular STCM Business’ Territory. If we permit you to service National Accounts, we may revoke our approval for you to perform any services for National Accounts at any time in our sole discretion. In the event a National Account customer of yours notifies us at any time during the performance of customer work by you that it is dissatisfied with your service for any reason, or if you are in default, unable, or unwilling to provide necessary products or services, we, our affiliates, or designee may complete the customer work or contract with another company or another STCM Business to complete the customer work at your expense, including our costs and expenses.

As of the Issuance Date of this Franchise Disclosure Document, we do not currently sell anything directly to customers. We retain the rights to service or designate ourselves or other franchisees to provide warranty service in your Territory at our discretion. You will not be entitled to compensation in such cases. We will only exercise this right if a customer requests that you do not perform the warranty services or we determine that you are unwilling or unable to perform the services. You will be required to reimburse us or our designees for such services. We do not grant a right of first refusal to franchisees to purchase new or existing locations. We will not pay you for soliciting or accepting orders within your Territory.

ITEM 13 TRADEMARKS

SAMCO, LLC has registered the following trademark on the Principal Register at the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date	Register
SAM THE CONCRETE MAN	4465590	January 14, 2014	Registered on the Principal Register
	6555852	November 9, 2021	Registered on the Principal Register

We claim common law rights in the following Mark:

Mark	Registration Number	Registration Date	Register
	N/A	N/A	Common Law

We do not have a federal registration for the common law trademark. This trademark does not have the same legal benefits and rights as federally registered trademarks. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. The franchisor is currently not aware of any prior rights or infringing uses that could materially affect the franchisee’s use of the principal trademarks.

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

No agreement significantly limits our right to use or license the Marks in any manner material to the STCM Franchise. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks.

You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your STCM Business that you are an independently-owned and operated licensed franchisee of SAMCO, LLC. You may not use the Marks in the sale of unauthorized products or services, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of your STCM Business, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party’s intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks or protect you against unfair competition arising out of your use of the Mark. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using (or claims the right to use) the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you. You agree to sign any documents and take any other reasonable action necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any related action we ask you to take.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents or registered copyrights that are material to the Sam the Concrete Man franchise. We do not have any pending patents or copyrights that are material to the Sam the Concrete Man franchise.

The information in the Confidential Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Confidential Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your STCM Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

We claim proprietary rights in certain of our product procedures and software which are included in our Confidential Operations Manual (“Confidential Information” and which are our trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets. [See Owner’s Agreement, Attachment C to the Franchise Agreement]

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your STCM Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other STCM Franchises during the term of the Franchise Agreement.

You must notify us immediately after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets, and we are not required to participate in the defense of, or provide indemnification to you in connection with any proceeding related to the Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. If we require you to modify or discontinue use of the Copyrighted Works, Confidential Information or Trade Secrets, you must comply with all of our requirements.

All ideas, concepts, techniques or materials concerning a STCM Business, whether or not they are protected intellectual property, and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property, part of the Franchise System, and works made for hire for our use. If any item does not qualify as a "work made for hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action, including executing an assignment agreement or other documents, that we request to show our ownership or to help us obtain intellectual property rights in the item(s).

No patents or patents pending are material to us at this time.

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

We require that either you, if you are an individual, or your managing owner, if you are an entity, have the authority and responsibility for the day-to-day operations of your STCM Business. A managing owner must have at least twenty-five percent (25%) equity and be principally responsible for communicating with us about your STCM Business ("Managing Owner"). If you are an Entity with multiple owners, one of your owners who is a natural person must have at least 51% ownership interest and voting power in you (including a spouse's interest), unless we approve otherwise in writing. We may, in our sole discretion, allow you to appoint a designated manager ("Designated Manager") to supervise the day-to-day operations of the STCM Business. You, your Managing Owner, or the Designated Manager must successfully complete our Initial Training Program (See Item 11). The Designated Manager need not have an ownership interest in the legal entity of the Franchise owner. If you replace a Designated Manager, the new Designated Manager must satisfactorily complete our training program at your own expense.

Any Designated Manager and, if you are an entity, any officer that does not own equity in the franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit H. All of your employees, independent contractors, agents or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit H. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity, in the form of which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Owners Agreement. The Owners Agreement contains a personal guaranty and covenant not to compete.

You may not appoint any Managing Owner or employ any Designated Manager who does not complete our Initial Training Program to our satisfaction. If a Designated Manager's employment with you is terminated, and your Managing Owner will not manage your STCM Business, you must appoint a new Designated Manager who must successfully complete our Initial Training Program 30 days after the termination of the former Designated Manager, unless we do not hold an Initial Training Program during that 30-day period, in which case the replacement Designated Manager must attend and successfully complete the first available Initial Training Program held by us. You may be charged a training fee for a replacement Designated Manager or Managing Owner, and the travel expenses and salary and benefits must be paid by you (See Item 6). The factors used by us in determining whether you will be charged a training fee include the location of training, the length and type of training necessary, the costs borne by us in conducting the training, the replacement Designated Manager or Managing Owner's previous experience and skill, and our availability. If your Designated Manager ends his/her employment relationship with you, whether voluntary or by force, you must participate in the management of the business on a full time equivalent basis until a replacement Designated Manager is hired and trained to our satisfaction. If you replace a Designated Manager for any reason, you will be required to manage the STCM Business until the new Designated Manager has satisfactorily completed our training program.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those products and services authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you (See Item 8). There are no limitations on our rights to make such changes to the required services and products offered by you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law.

You are not prohibited from directly marketing to or soliciting customers whose principal business office (or principal residence, if the client is an individual) is outside of your Territory; provided that you provide the products or services within the Territory. You may sell products and provide services to clients located outside of the Territory only as set forth in Item 12. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, or any other social or professional networking site or blog), or mention or discuss the STCM Franchise, us, or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely

prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as Internet.

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

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
(a) Length of the Franchise term	Section 1D	Ten years.
(b) Renewal or extension of the term	Section 13A	If you are in good standing and you meet other requirements, you may enter into two consecutive renewal terms of ten years.
(c) Requirements for Franchisee to renew or extend	Section 13B	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. This may also be referred to as a “successor term”. Your renewal franchise rights permit you to remain as a franchisee after the initial term of your Franchise Agreement expires if you meet certain conditions. You must be in compliance; pay all amounts due; give us timely written notice; maintain possession of or replace the Vehicle; sign our then-current franchise agreement and ancillary documents for the renewal term, and this new franchise agreement may have materially different terms and conditions (including, for example, higher Royalty Fees and advertising contributions) from the Franchise Agreement that covered your initial term, a release (if law allows); and pay the renewal fee.
(d) Termination by Franchisee	Section 14A	You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach and we fail to cure that breach within 30 days of receiving written notice of such material failure; or if we cannot correct the failure within 30 days, if we do not provide within

Provision	Section in Franchise Agreement	Summary
		30 days after your notice, reasonable evidence of our effort to correct the failure within a reasonable time, subject to state law. Termination will be effective an additional 30 days after you deliver written notice of termination, subject to state law.
(e) Termination by Franchisor without cause	Not Applicable	Not Applicable.
(f) Termination by Franchisor with cause	Section 14B	We can terminate upon certain violations of the Franchise Agreement by you.
(g) “Cause” defined - curable defaults	Section 14B	You have 24 hours to cure: (i) health, safety, or sanitation law violations; (ii) monetary defaults; (iii) failure to maintain any insurance, license or permit; and (iv) violations of other applicable laws, regulations, ordinances, or consent decrees; and 30 days to cure operational defaults and other defaults not specified in (h) below.
(h) “Cause” defined - non-curable defaults	Section 14B	Non-curable defaults under the Franchise Agreement include: material misrepresentation in acquiring the Franchise; three or more insufficient funds or returned checks in any one calendar year; failure to open the STCM Business within six months of the date of the Franchise Agreement; abandon the STCM Business; failure to use required supplies or tools; failure to complete training; abandonment; unapproved transfers; conviction of a felony; failure to maintain insurance; engagement in unauthorized or unethical behavior that has adverse effect; unauthorized use or disclosure of the Confidential Operations Manual or other confidential information; failure to pay taxes; repeated defaults (even if cured); an assignment for the benefit of creditors; appointment of a trustee or receiver; or termination of any other Franchise Agreement or other agreement between you or your affiliates and us.

Provision	Section in Franchise Agreement	Summary
(i) Franchisee’s obligations on termination/ non-renewal	Section 15	Obligations include paying outstanding amounts, including the balance of Royalty Fees from the date of termination until the scheduled expiration date of the Franchise Agreement; complete de-identification, including removal of signs and Marks; remodeling and reconfiguring of the Vehicle as necessary to distinguish it from its former appearance, removing all Vehicle wraps and distinguishing marks; notifying telephone company and telephone directory publishers of the termination of your right to use any numbers associated with our Marks and authorizing the transfer or forwarding of the numbers and directory listings at our direction; ceasing to use and returning Confidential Information; and delivering to us copies of the entire customer files for each customer, which includes referrals, credit card and bank information and any other customer information.
(j) Assignment of contract by Franchisor	Section 12A	No restriction on our right to assign.
(k) “Transfer” by Franchisee - definition	Section 12B	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
(l) Franchisor’s approval of transfer by Franchisee	Section 12C	We have the right to approve all transfers.
(m) Conditions for Franchisor’s approval of transfer	Section 12C	New franchise owner must have sufficient business experience and financial resources to operate the Franchise; you must pay us and third party vendors all amounts due; you must submit all required reports; new franchise owner (and its owners and affiliates) are not in a Competitive Business; new owner and employees must complete the Initial Training Program, paid for by you or the transferee; you or transferee signs our then-current franchise agreement and any ancillary documents, and this new franchise agreement may

Provision	Section in Franchise Agreement	Summary
		<p>have different terms and conditions (including, for example, higher Royalty Fees and advertising contributions) from the Franchise Agreement that covered your initial term; you must pay transfer fee; you must sign a general release in favor of us (if law allows); you and any other direct or indirect owners execute a guaranty; we approve material terms; you subordinate amounts due to you; you cease to use the Marks; new owner must agree to upgrade the STCM Business within specified time frame after transfer and to deposit with us the estimated cost to complete such upgrade; reimburse us for costs of transfer, including broker commissions or similar fees; and you and your owners must sign a non-compete agreement not to engage in a competitive business for two years within: (i) a 50-mile radius of your STCM Business; and (ii) a 50-mile radius of all other STCM Businesses that are operating or under construction.</p>
(n) Franchisor’s right of first refusal to acquire Franchisee’s business	Section 12G	We have 30 days to match any offer for your STCM Business.
(o) Franchisor’s right to purchase Franchisee’s business	Section 15F	We may, but are not required to, purchase your STCM Franchise, inventory, or Equipment at fair market value if your STCM Franchise is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
(p) Death or disability of Franchisee	Section 12E	The Franchise Agreement must be transferred or assigned to a qualified party within 180 calendar days of your or your Managing Owner’s death or disability or the Franchise Agreement may be terminated. Your or your Managing Owner’s estate or legal representative must apply to us for the right to transfer to the next of kin within a reasonable time not to exceed 120 calendar days of your or your Managing Owner’s death or disability and

Provision	Section in Franchise Agreement	Summary
		must also appoint a manager who must complete training and be acceptable to us or, if not, we may assume management.
(q) Non-competition covenants during the term of the Franchise	Section 7	Neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere. No diverting or attempting to divert any business from us (or one of our affiliates or franchisees). These non-competition provisions are subject to state law.
(r) Non-competition covenants after the Franchise is terminated or expires	Section 15E	Owners and their spouses cannot have any direct or indirect interest in, own, manage, operate, finance, control or participate in any competitive business within: (i) a 50-mile radius of your STCM Business; and (ii) a 50-mile radius of all other STCM Businesses that are operating or under development, for two years. These non-competition provisions are subject to state law.
(s) Modification of the agreement	Sections 1G and 17	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Confidential Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
(t) Integration/merger clause	Section 17N	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

Provision	Section in Franchise Agreement	Summary
(u) Dispute resolution by arbitration or mediation	Section 17N	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Denver, Colorado.) This provision is subject to state law.
(v) Choice of forum	Section 17H	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Denver, Colorado), subject to applicable state law.
(w) Choice of law	Section 17G	Colorado law applies, subject to state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The information provided in the following chart consists of the actual historic performance based on royalties paid for the ~~2023~~2022 calendar year ("Reporting Period 1") of the franchised businesses that were operating for the entire ~~2023~~2022 calendar year ("Reporting Group 1A").

As of December 31, ~~2023~~2022, there were ~~4583~~4381 businesses in operation, ~~4381~~4381 of which were franchised businesses and 2 of which were company-owned businesses (~~See Item 20, Table 1~~). The Reporting Group ~~1A~~ below includes data for ~~2426~~2426 franchised businesses that were in operation and reported sales for all 12 months of the calendar year ~~2023~~2022 (the "Reporting Period"). The Reporting Group ~~1A~~ does not include data for (a) ~~28~~2 company-owned franchised businesses (b) ~~27~~27 franchised businesses that opened in ~~2023~~2022 and therefore did not report data for the entire Reporting Period; and (b) ~~12~~17 franchised businesses that did not report reliable data to us for the Reporting Period. ~~1 franchised business closed~~ and ~~6~~(d) 11 franchised businesses were closed/terminated ~~prior to opening~~ during the Reporting Period (and therefore did not report data for the entire Reporting Period) and thus were excluded from this Item 19. (See table below.)

PROFIT/LOSS STATEMENT FOR REPORTING GROUP ~~1A~~
DURING REPORTING PERIOD ~~1~~

Franchised Businesses (Reporting Group 1A)					
Fiscal Year 2023 2022	Top 25%	Middle 50%	Bottom 25%	Average	Median
Gross Revenue	\$ 1,317,311 365,025	\$907,341 979,962	\$585,516 650,916	\$941,392.50 995,043	\$943,188 968,036
Cost of Goods Sold	\$976,546 968,709	\$662,350 719,123	\$431,480 453,794	\$693,103.88 714,845	\$678,294 681,924
Gross Profit	\$340,765 369,316	\$244,991 260,839	\$154,036 197,121	\$248,288.63 280,159	\$264,894 286,111
Gross Profit %	26 29 %	27%	27 31 %	27 29 %	28 30 %
Advertising	\$16,327 14,365	\$18,070 16,411	\$18,349 19,257	\$17,490.25 16,626	\$17,517 23,154
Royalties (6%)	\$ 79,039 9086	\$54,440 58,798	\$35,131 39,055	\$56,483.54 58,945	\$56,592 58,082
Brand Fund (2%)	\$26,346 25,424	\$18,147 19,599	\$11,710 13,018	\$18,827.79 19,396	\$18,864 19,361
Fuel	\$7,639 6,975	\$ 6,699 683	\$4,271 5,673	\$ 6,473.25 490	\$9,791 8,807
General Liability Insurance	\$4,427 3,137	\$1,531 2,501	\$ 1,963 860	\$ 2,337.58 499	\$1,550 4,187
Call Center	\$ 8,362 100	\$ 8,100	\$ 8,100	\$ 8,165.50 100	\$ 8,100
Technology Supporting Services	\$5,600 4,200	\$ \$ 4,200	\$ \$ 4,200	\$ 4,550.00 200	\$ \$ 4,200
Office Supplies	\$1,881 3,279	\$1,489 2,703	\$1,134 3,581	\$1,495.26 3,095	\$733 1,256
Total Expenses	\$149,306 144,567	\$112,677 118,120	\$84,859 96,728	\$115,761 119,481	\$117,346 127,146
Discretionary Earnings	\$191,459 251,749	\$132,030 142,718	\$69,177 100,393	\$132,398 160,677	\$145,990 158,965
Discretionary Earnings %	15 19 %	14%	12 16 %	14 16 %	15 16 %

As of December 31, 2022, there were 2 company owned businesses reporting the entire year of 2022, there were 0 company owned businesses not open and not reporting for the entire year of 2022. There were 0 company owned businesses that were opened in 2022 and 0 company owned businesses that temporarily closed in 2022. The information provided in the following chart consists of the actual historic performance based on royalties paid for the 2022 calendar year (“Reporting Period 1”) of the company owned businesses that were operating for the entire 2022 calendar year (“Reporting Group 1B”).

Company-Owned Businesses (Reporting Group 1B)			
Fiscal Year 2022	Denver North	Denver South	Average
Gross Revenue	\$1,744,777	\$843,978	\$1,294,377
Cost of Goods Sold	\$1,219,025	\$634,507	\$926,766
Gross Profit	\$525,752	\$209,471	\$367,611
Gross Profit %	30%	25%	27%
Advertising	\$29,956	\$16,902	\$23,429
Royalties (6%)	\$104,687	\$50,639	\$77,663
Brand Fund (2%)	\$34,896	\$16,880	\$25,888
Fuel	\$10,265	\$6,250	\$8,257
General Liability Insurance	\$2,410	\$1,830	\$2,120
Call Center	\$8,100	\$8,100	\$8,100
Technology	\$4,200	\$4,200	\$4,200
Office Supplies	\$1,430	\$687	\$1,058
Total Expenses	\$195,943	\$105,487	\$150,715
Discretionary Earnings	\$329,808	\$103,984	\$216,896
Discretionary Earnings %	19%	12%	16%

~~[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]~~NOTES:

1. “Gross Revenue” means the revenues you receive from the sale of all goods, products and services sold at, from, or through your STCM Business and all other income, revenue and consideration of every kind and nature related to the STCM Business, whether for cash or credit, and regardless of collection in the case of credit, and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority; and (b) any bona fide refunds you make to customers.
2. “Gross Profit” means the profit you make after deducting the costs of selling products and providing services.
3. “Discretionary Earnings” means the net income before deducting your compensation and benefits, other discretionary, non-operating, or non-recurring income or expense, depreciation, interest and taxes.
4. The highest and lowest reported Gross Revenue for the 2426 franchised businesses included in the average was \$1,506,903,533,255 and \$487,660,466,582, respectively. The highest and lowest reported Discretionary Earnings for the 2426 franchised businesses included in the average was \$275,493,273,254 and \$41,569,71,985, respectively.
5. Company-Owned Locations: The Denver South and Denver North locations are owned and operated by our President/CEO.

6. The financial performance representations above reflect some of the costs, 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. However, you should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.
7. 12 franchise outlets, which is 50% of the franchise outlets reporting in the charts above, have attained or surpassed the results stated above.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request.

Other than the information provided in this Item 19, we do not make any financial performance representations. 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 Todd Stewart, franchise@samtheconcreteman.com or [67466912](tel:67466912) South ~~Revere~~ ~~Parkway~~ Quentin Street, Suite ~~12510~~, Centennial, Colorado 80112, (303) 948-0140, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

**System-wide Outlet Summary
For Years ~~2020-2022~~2021-2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021 2020	420	2040*	+1620*
	2021 2022	2040*	4364*	+2324*
	2023 2022	4364*	6481	+2117
Company-Owned*	2021 2020	2	2	0
	2022 2021	2	2	0
	2023 2022	2	2***	0
Total Outlets	2021 2020	622	2245	+1623
	2022 2021	2245*	4564*	+2320*
	2022 2023	4566*	6683	+2117

*The numbers were adjusted to reflect a revised count in 2021. 3 franchisees in Texas had signed contracts but the 2nd outlet was not open.

**These two outlets are owned by our President/CEO.

~~*These two outlets are owned by our President/CEO.~~

Table No. 2

**Transfers of Franchised Outlets to New Owners
(other than the Franchisor)
For Years ~~2020-2022~~2021-2023**

State	Year	Number of Transfers
CO	2020	4
CO	2021	2
	2022	0
GA	2020 2023	0
GA	2021	0
	2022	1
	2023	1
PAMI	2021 2020	0

State	Year	Number of Transfers
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>1</u>
<u>PA</u>	2021	0
	2022	2
	<u>2023</u>	<u>0</u>
TOTALS	2021 <u>2020</u>	1 <u>2</u>
	2021	3
	2022	<u>2</u>
	<u>2023</u>	<u>2</u>

Table No. 3

**Status of Franchised Outlets
For Years ~~2020-2022~~ 2021-2023**

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
AL	2020 <u>2021</u>	0	<u>0</u>	0	0	0	0	<u>0</u>
	2022 <u>2021</u>	<u>0</u>	<u>1</u>	0	0	0	0	1
	2022 <u>2023</u>	1	<u>0</u>	0	0	0	0	<u>1</u>
AR	2020 <u>2021</u>	0	0	0	0	0	0	0
	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	1	0	0	0	0	1
CO	2020 <u>2023</u>	1	<u>2</u>	<u>1</u>	0	0	0	<u>2</u>
AZ	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
CO	2021	2	2	2	0	0	0	2
	2022	2	2	0	0	0	0	4
DE	2020 <u>2023</u>	<u>0</u>	0	0	0	0	0	<u>0</u>
DE	2021	0	1	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	1	0	0	0	0	0	1
FL	2020 2023	0 <u>1</u>	2 <u>0</u>	0	0	0	0	2 <u>1</u>
FL	2021	2	1	2	0	0	0	1
	2022	1	5	1	0	0	0	5
GA	2020 2023	0 <u>5</u>	2	0 <u>1</u>	0	0	0	2 <u>6</u>
GA	2021	2	3	1	0	0	0	4
	2022	4	1	0	0	0	0	5
ID	2020 2023	0 <u>5</u>	0 <u>2</u>	0 <u>1</u>	0	0	0	0 <u>6</u>
ID	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
IA	2020 2023	0 <u>1</u>	0 <u>1</u>	0	0	0	0	0 <u>2</u>
IA	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IL	2020 2023	0 <u>1</u>	0	0 <u>1</u>	0	0	0	0
IL	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
IN	2020 2023	1 <u>3</u>	0 <u>2</u>	0 <u>2</u>	0	0	0	1 <u>3</u>
IN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KY	2020 2023	0 <u>1</u>	0 <u>1</u>	0	0	0	0	0 <u>2</u>
KY	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	2 <u>0</u>
LA	2020 2021	0 <u>1</u>	1	0 <u>1</u>	0	0	0	1
	2022	1 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	1 <u>0</u>
	2023	1 <u>1</u>	1 <u>1</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	0 <u>0</u>	2 <u>1</u>
MD	2021	1 <u>0</u>	1 <u>0</u>	1 <u>0</u>	0	0	0	1 <u>0</u>
	2022	1 <u>0</u>	0	0	0	0	0	1 <u>0</u>

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
MI	2020 2023	0	0	0	0	0	0	0
<u>MI</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MO	2020 2023	0	0	0	0	0	0	0
<u>MO</u>	2021	0	3	0	0	0	0	3
	2022	3	0	0	0	0	0	3
NC	2020 2023	0	0	0	0	0	0	3
<u>NE</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>NC</u>	2021	3	0	0	0	0	0	3
	2022	3	2	2	0	0	0	3
NJ	2020 2023	0	0	0	0	0	0	0
<u>NJ</u>	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
OH	2020 2023	2	0	0	0	0	0	0
<u>OH</u>	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
OK	2020 2023	0	0	0	0	0	0	0
<u>OK</u>	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
OR	2020 2023	0	0	0	0	0	0	0
<u>OR</u>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
PA	2020 2023	0	0	0	0	0	0	0
<u>PA</u>	2021	2	0	0	0	0	0	2
	2022	2	4	2	0	0	0	4
SC	2020 2023	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
<u>SC</u>	2021	1	0	0	0	0	0	1
	2022	1	3	0	0	0	0	4
<u>TN</u>	2020 <u>2023</u>	0 <u>4</u>	1	0	0	0	0	1 <u>5</u>
<u>TN</u>	2021	1	0	0	0	0	0	1
	2022	1	2	1	0	0	0	2
<u>TX</u>	2020 <u>2023</u>	0 <u>2</u>	3 <u>1</u>	0 <u>1</u>	0	0	0	3 <u>2</u>
<u>TX</u>	2021	3	<u>96*</u>	3	0	0	0	<u>96*</u>
	2022	<u>96*</u>	5	1	0	0	0	13 <u>10*</u>
<u>UT</u>	2020 <u>2023</u>	0 <u>10*</u>	0 <u>1</u>	0 <u>1</u>	0	0	0	0 <u>10</u>
<u>UT</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
VA	2020 <u>2021</u>	0	0 <u>1</u>	0	0	0	0	0 <u>1</u>
	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>WA</u>	2021	0	1 <u>0</u>	0	0	0	0	1 <u>0</u>
	2022	1 <u>0</u>	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>WI</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
TOTAL OUTLETS	2020 <u>2021</u>	<u>420</u>	1729 <u>1729*</u>	<u>19</u>	0	0	0	2040 <u>2040*</u>
	2021	<u>20</u>	<u>32</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43</u>
	2022	<u>4340*</u>	<u>2831*</u>	7	0	0	0	<u>64*</u>
	<u>2023</u>	<u>64</u>	<u>28</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>81</u>

* The numbers were adjusted to reflect a revised count in 2021. 3 franchisees in Texas had signed contracts but the 2nd outlet was not open.

Table No. 4

**Status of Company-Owned Outlets
For Years ~~2020-2022~~2021-2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
CO	2020 2021	2	0	0	0	0	2
	2022 2021	2	0	0	0	0	2
	2022 2023	2	0	0	0	0	2
TOTAL OUTLETS	2020 2021	2	0	0	0	0	2
	2021 2022	2	0	0	0	0	2
	2022 2023	2	0	0	0	0	2*

*These two outlets are owned by our President/CEO.

*These two outlets are owned by our President/CEO.

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Table No. 5

**Projected Openings as of
December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
AL	0	1	0
AK	0	0	0
AZ	0 <u>2</u>	3 <u>2</u>	0
AR	0	0 <u>1</u>	0
CA	0 <u>1</u>	3 <u>2</u>	0
CO	0	0	0
CT	0	1	0
DE	0	0	0
FL	1	2	0
GA	0	0	0
HI	0	0	0
ID	0	0	0
IN	0	0	0
IL	3 <u>1</u>	2	0
IA	0	0 <u>1</u>	0
KS	0	0	0
KY	0	0	0
LA	0	2 <u>1</u>	0
MD	0 <u>1</u>	2 <u>1</u>	0
ME	0	0	0
MA	0	2	0
MD	2	2	0
MI	0	1	0
MN	0	1	0
MS	0	0	0
MO	0	1 <u>0</u>	0
MT	0	0	0
NE	0 <u>1</u>	2 <u>0</u>	0
NV	0	1	0
NH	0	0 <u>1</u>	0
NJ	2 <u>1</u>	2	0
NM	0	1	0
NY	0	2	0
NC	2 <u>1</u>	0 <u>1</u>	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
ND	0	0	0
OH	0	0 1	0
OK	1	0	0
OR	1 0	0	0
PA	0	0 1	0
RI	0	1	0
SC	1	0	0
SD	0	0	
TN	0	2 1	0
TX	1 5	1 0	0
UT	0	2 0	0
VT	0	0	0
VA	2	0	0
WA	0 1	1	0
WV	0	0	0
WI	0	0 1	0
WY	0	0	0
TOTALS	1 623	3 632	0

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit F. The name and last known address and telephone number of every current franchisee and every franchisee who has had a STCM Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the one-year period ending December 31, ~~2022~~2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit F. During the last three fiscal years, we have signed confidentiality agreements with some current and former franchisees. Each confidentiality agreement was entered into as part of a settlement of a dispute between us and the current or former franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

If you buy a STCM Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

**ITEM 21
FINANCIAL STATEMENTS**

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, ~~2022~~2023, December 31, ~~2022~~2021, and December 31, ~~2020~~2021. Our fiscal year end is December 31st.

**ITEM 22
CONTRACTS**

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit C	Franchise Agreement
<u>Exhibit D</u>	<u>Franchise Disclosure Questionnaire</u>
Exhibit E	Promissory Note
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the STCM Franchise

**ITEM 23
RECEIPTS**

The last two pages of this Franchise Disclosure Document are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

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EXHIBIT A

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

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

CALIFORNIA

State Administrator and Agent for
Service of Process:

Commissioner
Department of Financial Protection
and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

Commissioner of Securities of the
State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agent for Service of Process:

Commissioner of Securities of the
State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

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

Agent for Service of Process:

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

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

Agent for Service of Process:

New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Business Regulation
1511 Pontiac Avenue, Bldg. 68-2
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

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

WASHINGTON

Administrator:

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
(360) 902-8760

Agent for Service of Process:

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Madison, WI 53703
(608) 266-3364

Rev. 100318

EXHIBIT B

FINANCIAL STATEMENTS

**AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, ~~2022~~2023,
DECEMBER 31, ~~2022~~2021, AND DECEMBER 31, ~~2020~~2021**



SAMCO, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022, 2021, AND 2020



SAMCO, LLC

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Independent Auditor's Report

To the Members
Samco, LLC
Centennial, CO

Opinion

We have audited the accompanying financial statements of Samco, LLC, which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of operations, members' equity (deficit), 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 Samco, LLC as of December 31, 2022, 2021, and 2020 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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunlay

St. George, Utah
March 27, 2023

SAMCO, LLC
BALANCE SHEETS
As of December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current assets			
Cash and cash equivalents	\$ 364,261	\$ 524,729	\$ 150,813
Accounts receivable	494,742	414,650	196,897
Operating notes receivable	109,334	35,667	276,000
National advertising fund	31,375	70,320	-
Right of use asset	22,271	-	-
Deferred commissions, current	148,500	67,490	83,555
Other current assets	4,851	4,851	4,851
Total current assets	1,175,334	1,117,707	712,116
Non-current assets			
Intangible asset	15,000	15,000	15,000
Equipment, net	69,493	84,431	95,061
Deferred commissions, net of current	-	270,557	77,628
Total non-current assets	84,493	369,988	187,689
Total assets	\$ 1,259,827	\$ 1,487,695	\$ 899,805
Liabilities and Members' Equity (Deficit)			
Current liabilities			
Accounts payable	\$ 155,459	\$ 179,100	\$ 56,681
Operating lease liability	22,904	-	-
Member payable, current	-	-	31,314
Deferred revenue, current	648,100	417,261	401,250
Note payable, current	18,387	24,911	20,592
Total current liabilities	844,850	621,272	509,837
Non-current liabilities			
Member payable, net of current	-	-	31,613
Deferred revenue, net of current	-	1,154,469	746,215
Note payable, net of current	25,414	41,440	67,425
Total non-current liabilities	25,414	1,195,909	845,253
Total liabilities	870,264	1,817,181	1,355,090
Members' equity (deficit)	389,563	(329,486)	(455,285)
Total liabilities and members' equity (deficit)	\$ 1,259,827	\$ 1,487,695	\$ 899,805

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

SAMCO, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenue			
Franchise fees	\$ 2,154,828	\$ 1,505,101	\$ 789,863
Royalty revenue	1,964,691	1,169,948	336,378
Services revenue	611,365	490,470	321,302
Total revenue	<u>4,730,884</u>	<u>3,165,519</u>	<u>1,447,543</u>
Operating expenses			
General and administrative	1,208,387	1,074,630	343,547
Professional fees	405,081	392,467	354,866
Marketing and advertising	876,730	714,526	835,178
Depreciation expense	28,266	27,335	13,035
Total operating expenses	<u>2,518,464</u>	<u>2,208,958</u>	<u>1,546,626</u>
Operating income (loss)	2,212,420	956,561	(99,083)
Non-operating income (expense):			
Interest expense	(2,701)	(5,682)	(7,257)
Interest income	2,916	6,008	-
Bad debt expense	-	(64,971)	-
Other income	-	4,790	43,710
Total non-operating income (expense)	<u>215</u>	<u>(59,855)</u>	<u>36,453</u>
Net income (loss)	<u>\$ 2,212,635</u>	<u>\$ 896,706</u>	<u>\$ (62,630)</u>

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

SAMCO, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
For the years ended December 31, 2022, 2021, and 2020

Balance as of January 1, 2020	\$	(149,771)
Member distributions		(242,884)
Net loss		(62,630)
Balance as of December 31, 2020		(455,285)
Member distributions		(770,907)
Net income		896,706
Balance as of December 31, 2021		(329,486)
Adoption of ASC 952-606		763,718
Adoption of ASC 842		(1,266)
Member distributions		(2,256,038)
Net income		2,212,635
Balance as of December 31, 2022	\$	389,563

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

SAMCO, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flow from operating activities:			
Net income (loss)	\$ 2,212,635	\$ 896,706	\$ (62,630)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	28,266	27,335	13,035
Bad debt	-	64,971	-
Changes in operating assets and liabilities:			
Accounts receivable	(80,092)	(217,753)	(90,602)
Operating notes receivable	(73,667)	175,362	(276,000)
Deferred commissions	(33,500)	(176,864)	(161,183)
Right of use asset	42,610	-	-
Other current assets	-	-	(3,851)
National advertising fund	38,945	(70,320)	-
Accounts payable	(23,641)	122,419	56,431
Operating lease liability	(43,243)	-	-
Deferred revenue	63,135	424,265	908,637
Net cash provided by operating activities	<u>2,131,448</u>	<u>1,246,121</u>	<u>383,837</u>
Cash flows from investing activities:			
Net change in member receivable	-	-	41,501
Purchase of equipment	(13,328)	(16,705)	(7,750)
Net cash provided (used) by investing activities	<u>(13,328)</u>	<u>(16,705)</u>	<u>33,751</u>
Cash flows from financing activities:			
Distributions	(2,256,038)	(770,907)	(242,884)
Principal payments on note payable	(22,550)	(21,666)	(10,747)
Payments on member payable	-	(62,927)	(29,623)
Net cash used in financing activities	<u>(2,278,588)</u>	<u>(855,500)</u>	<u>(283,254)</u>
Net increase (decrease) in cash	(160,468)	373,916	134,334
Cash at the beginning of the year	524,729	150,813	16,479
Cash at the end of the year	<u>\$ 364,261</u>	<u>\$ 524,729</u>	<u>\$ 150,813</u>
Supplementary disclosures of cash flows			
Cash paid for interest	<u>\$ 2,701</u>	<u>\$ 5,682</u>	<u>\$ 7,257</u>
Non-cash financing and investing activities			
Purchase of vehicle with debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,750</u>

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

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021, AND 2020

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

(a) Nature of Business

Samco, LLC (the "Company") was formed on May 6, 2013 in the State of Colorado, for the principal purpose of selling and supporting the Sam the Concrete Man franchise system, which provides residential and commercial concrete installation services.

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, 2022, 2021, and 2020, the Company had cash and cash equivalents of \$364,261, \$524,729, and \$150,813, respectively.

(e) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, operating notes receivable, and accounts payable, 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. Related party transactions may not be stated at fair market value.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and services provided to franchisees. Accounts receivable are recorded at the invoiced amount and do not bear interest, although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2022, 2021, and 2020, the Company had net receivables of \$494,742, \$414,650, and \$196,897, respectively. As of December 31, 2022, 2021, and 2020, the Company had no allowance for doubtful accounts.

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021, AND 2020

(g) Property and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. The useful lives generally range 5-10 yrs.

(h) Intangible Asset

Company's intangible asset consists of an indefinite-lived trademark. In accordance with ASC 350, Intangibles—*Goodwill and Other*, the Company has determined that the tradename is indefinite lived. As such, the asset will not be subject to amortization; rather, management will regularly evaluate the intangible assets for indications of impairment. During the years ended December 31, 2022, 2021, and 2020, there were no indications of impairment. As of December 31, 2022, 2021, and 2020, the Company's intangible asset was \$15,000.

(i) Long Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset.

(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. This lease 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 ~~\$64,881 and a lease liability of \$66,147. The net effect on the Company's equity on January 1, 2022 was a reduction of \$1,266.~~ The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease terms, 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 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) Revenue Recognition

The Company's revenues consist of fees from franchisees for initial franchise fees, royalties, renewal fees, transfer fees, and service fees.

The Company recognizes revenue under ASC 606, *Revenue from Contracts with Customers*. On January 1, 2022, the Company adopted the practical expedient for private company franchisors outlined in ASC 952-606 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Upon adoption of the practical expedient, the Company removed deferred commissions and deferred revenue of \$223,047 and \$986,765, respectively, on January 1, 2022. The net effect on the Company's retained earnings was an increase of \$763,718, which is reflected on the statement of member's equity (deficit).

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

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021, AND 2020

contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each area representative agreement and franchised location, the Company enters into a formal agreement that clearly outlines the transaction price, which includes an initial fee, ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. For transfer fees, renewal fees, and services fees, revenue is recognized upon the provision of the corresponding services.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- 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

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

(l) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Colorado. 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 Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 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, 2022, the 2021, 2020, and 2019 tax years are subject to examination.

(m) National Advertising Fund

During the year ended December 31, 2021, the Company has established a brand fund to promote public awareness of the brand. Franchisees contribute funds, which are based on a percentage of gross revenue, on a monthly basis. Any unused funds collected in a calendar year are to be retained and accumulated in the following year's funds and are used solely for the purposes of developing the brand and increasing public awareness. As of December 31, 2022 and 2021, the Company had a prepaid balance of \$31,375 and \$70,320, respectively.

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021, AND 2020

(n) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2022, 2021, and 2020 were \$876,730, \$714,526, and \$835,178, respectively.

(o) Concentration of Risk

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.

(2) Operating Notes Receivable

The Company accepts promissory notes as part of its initial franchise sales. These notes are generally paid in a single balloon payment within twelve months. As of December 31, 2022, 2021, and 2020, the operating notes receivable balance was \$109,334, \$35,667, and \$276,000, respectively.

(3) Operating Lease

The Company is the lessee in an operating lease, which expires in 2023. As of December 31, 2021 and 2020, the Company had no right of use assets or operating lease liabilities. As of December 31, 2022, the Company recorded a right of use asset and operating lease liability of \$22,271 and \$22,904, respectively. The lease matures in 2023, and the entirety of the lease liability is classified as current.

(4) Equipment

As of December 31, 2022, 2021, and 2020, the Company's equipment consisted of the following:

	2022	2021	2020
Furniture and equipment	\$ 45,186	\$ 31,585	\$ 14,881
Vehicles	102,314	102,314	102,314
Less: Accumulated depreciation	(78,007)	(49,468)	(22,134)
	<u>\$ 69,493</u>	<u>\$ 84,431</u>	<u>\$ 95,061</u>

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 was \$28,266, \$27,335, and \$13,035, respectively.

(5) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Sam the Concrete Man system for a period of ten years. Prior to January 1, 2022, under the Company's revenue recognition policy, the Company allocated a portion of the initial franchise fee to initial training, which was recognized when the franchisee begins operations. The remainder was deferred, and the revenue was amortized over the life of the contract. In addition, the Company deferred related contract costs such as broker commissions over the same period and recorded them as deferred commissions.

As of January 1, 2022, under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021, AND 2020

The Company has estimated the following current and non-current portions of deferred contract costs as of December 31, 2022, 2021, and 2020:

	2022	2021	2020
Deferred commissions – current	\$ 148,500	\$ 67,490	\$ 83,555
Deferred commissions – non-current	-	270,557	77,628
	<u>\$ 148,500</u>	<u>\$ 338,047</u>	<u>\$ 161,183</u>

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2022, 2021, and 2020:

	2022	2021	2020
Deferred revenue – current	\$ 648,100	\$ 417,261	\$ 401,250
Deferred revenue – non-current	-	1,154,469	746,215
	<u>\$ 648,100</u>	<u>\$ 1,571,730</u>	<u>\$ 1,147,465</u>

(6) Related Party Transactions

During the year ended December 31, 2019, the Company loaned \$41,501 of cash to a member. The loan did not accrue interest and was due on demand. During the year ended December 31, 2021, the loan was repaid in full.

During the year ended December 31, 2019, the Company entered into a promissory note with a member. The loan's principal balance was \$100,000, accrued interest at a rate of 8%, and was payable over 36 monthly payments of \$3,134. The loan was repaid in full during the year ended December 31, 2021, and no balance was due as of December 31, 2022 and 2021. As of December 31, 2020, the balance due was \$62,927.

(7) Payroll Protection Program Loan

On May 5, 2020, the Company entered into a note payable with a third-party financial institution as part of the Payroll Protection Program administered by the United States Small Business Administration ("SBA"). The loan had an initial principal balance of \$43,710, accrued interest at an annual rate of 1%, and had a maturity date of May 5, 2022. As of December 31, 2020, the Company was in compliance with all guidelines for receiving forgiveness on the loan. In accordance with ASC 450-30, the Company recognized the balance as other income during the year ended December 31, 2020. Forgiveness was officially obtained during the year ended December 31, 2021.

(8) Notes Payable

The Company's notes payable consisted of the following as of December 31, 2022, 2021, and 2020:

	2022	2021	2020
Note payable with a bank in relation to the purchase of a vehicle. The note accrues interest at an annual rate of 6% and requires monthly payments of \$1,018 over a term of five years	\$ 36,451	\$ 46,685	\$ 57,959
Note payable with a bank in relation to the purchase of a vehicle. The note accrues interest at an annual rate of 5% and requires monthly payments of \$1,058 over a term of five years	7,350	19,665	30,058
	43,801	66,351	88,017
Less: current maturities	(18,387)	(24,911)	(20,592)
	<u>\$ 25,414</u>	<u>\$ 41,440</u>	<u>\$ 67,425</u>

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021, AND 2020

(9) Commitments and Contingencies

(a) Litigation

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 Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence 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 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.

(b) COVID-19

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2022 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company’s operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

(10) Subsequent Events

Management has reviewed and evaluated subsequent events through March 27, 2023, which is the date the financial statements were issued.



SAMCO, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023, 2022, AND 2021



SAMCO, LLC

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Independent Auditor's Report

To the Members
Samco, LLC
Greenwood Village, Colorado

Opinion

We have audited the accompanying financial statements of Samco, LLC, which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of operations, members' equity (deficit), 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 Samco, LLC as of December 31, 2023, 2022, and 2021 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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezar S Dunlay

St. George, Utah
March 22, 2024

SAMCO, LLC
BALANCE SHEETS
As of December 31, 2023, 2022, and 2021

	2023	2022	2021
Assets			
Current assets			
Cash and cash equivalents	\$ 322,711	\$ 364,261	\$ 524,729
Accounts receivable	507,920	494,742	414,650
Operating notes receivable	127,273	109,334	35,667
National advertising fund	55,228	31,375	70,320
Right of use asset	-	22,271	-
Deferred commissions, current	90,000	148,500	67,490
Other current assets	18,340	4,851	4,851
Total current assets	1,121,472	1,175,334	1,117,707
Non-current assets			
Intangible asset	17,846	15,000	15,000
Equipment, net	166,016	69,493	84,431
Deferred commissions, net of current	-	-	270,557
Total non-current assets	183,862	84,493	369,988
Total assets	\$ 1,305,334	\$ 1,259,827	\$ 1,487,695
Liabilities and Members' Equity (Deficit)			
Current liabilities			
Accounts payable	\$ 61,675	\$ 155,459	\$ 179,100
Operating lease liability	-	22,904	-
Deferred revenue, current	402,000	648,100	417,261
Note payable, current	11,480	18,387	24,911
Total current liabilities	475,155	844,850	621,272
Non-current liabilities			
Deferred revenue, net of current	-	-	1,154,469
Note payable, net of current	13,644	25,414	41,440
Total non-current liabilities	13,644	25,414	1,195,909
Total liabilities	488,799	870,264	1,817,181
Members' equity (deficit)	816,535	389,563	(329,486)
Total liabilities and members' equity (deficit)	\$ 1,305,334	\$ 1,259,827	\$ 1,487,695

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

SAMCO, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue			
Franchise fees	\$ 2,220,200	\$ 2,154,828	\$ 1,505,101
Royalty revenue	2,627,108	1,964,691	1,169,948
Services revenue	980,789	611,365	490,470
Total revenue	<u>5,828,097</u>	<u>4,730,884</u>	<u>3,165,519</u>
Operating expenses			
General and administrative	1,557,801	1,208,387	1,074,630
Professional fees	325,649	405,081	392,467
Marketing and advertising	940,180	876,730	714,526
Depreciation expense	61,129	28,266	27,335
Total operating expenses	<u>2,884,759</u>	<u>2,518,464</u>	<u>2,208,958</u>
Operating income (loss)	2,943,338	2,212,420	956,561
Non-operating income (expense):			
Interest expense	(10,938)	(2,701)	(5,682)
Interest income	7,035	2,916	6,008
Bad debt expense	-	-	(64,971)
Other income	-	-	4,790
Total non-operating income (expense)	<u>(3,903)</u>	<u>215</u>	<u>(59,855)</u>
Net income (loss)	<u>\$ 2,939,435</u>	<u>\$ 2,212,635</u>	<u>\$ 896,706</u>

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

SAMCO, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
For the years ended December 31, 2023, 2022, and 2021

Balance as of January 1, 2021	\$	(455,285)
Member distributions		(770,907)
Net income		896,706
Balance as of December 31, 2021		(329,486)
Adoption of ASC 952-606		763,718
Adoption of ASC 842		(1,266)
Member distributions		(2,256,038)
Net income		2,212,635
Balance as of December 31, 2022		389,563
Member distributions		(2,512,463)
Net income		2,939,435
Balance as of December 31, 2023	\$	816,535

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

SAMCO, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flow from operating activities:			
Net income (loss)	\$ 2,939,435	\$ 2,212,635	\$ 896,706
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	61,129	28,266	27,335
Bad debt	-	-	64,971
Changes in operating assets and liabilities:			
Accounts receivable	(13,178)	(80,092)	(217,753)
Operating notes receivable	(17,939)	(73,667)	175,362
Deferred commissions	58,500	(33,500)	(176,864)
Right of use asset	22,271	42,610	-
Other current assets	(13,489)	-	-
National advertising fund	(23,853)	38,945	(70,320)
Accounts payable	(93,784)	(23,641)	122,419
Operating lease liability	(22,904)	(43,243)	-
Deferred revenue	(246,100)	63,135	424,265
Net cash provided by operating activities	<u>2,650,088</u>	<u>2,131,448</u>	<u>1,246,121</u>
Cash flows from investing activities:			
Net change in member receivable	-	-	-
Purchase of equipment	(160,498)	(13,328)	(16,705)
Net cash provided (used) by investing activities	<u>(160,498)</u>	<u>(13,328)</u>	<u>(16,705)</u>
Cash flows from financing activities:			
Distributions	(2,512,463)	(2,256,038)	(770,907)
Principal payments on note payable	(18,677)	(22,550)	(21,666)
Payments on member payable	-	-	(62,927)
Net cash used in financing activities	<u>(2,531,140)</u>	<u>(2,278,588)</u>	<u>(855,500)</u>
Net increase (decrease) in cash	(41,550)	(160,468)	373,916
Cash at the beginning of the year	364,261	524,729	150,813
Cash at the end of the year	<u>\$ 322,711</u>	<u>\$ 364,261</u>	<u>\$ 524,729</u>
Supplementary disclosures of cash flows			
Cash paid for interest	<u>\$ 10,938</u>	<u>\$ 5,682</u>	<u>\$ 7,257</u>

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

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

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

(a) Nature of Business

Samco, LLC (the "Company") was formed on May 6, 2013 in the State of Colorado, for the principal purpose of selling and supporting the Sam the Concrete Man franchise system, which provides residential and commercial concrete installation services.

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, 2023, 2022, and 2021, the Company had cash and cash equivalents of \$322,711, \$364,261, and \$524,729, respectively.

(e) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, operating notes receivable, and accounts payable, 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. Related party transactions may not be stated at fair market value.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and services provided to franchisees. Accounts receivable are recorded at the invoiced amount and do not bear interest, although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2023, 2022, and 2021, the Company had net receivables of \$507,920, \$494,742, and \$414,650, respectively. As of December 31, 2023, 2022, and 2021, the Company had no allowance for doubtful accounts.

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

(g) Property and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. The useful lives generally range from 5 to 10 years.

(h) Intangible Asset

The Company's intangible asset consists of an indefinite-lived trademark. In accordance with ASC 350, Intangibles—*Goodwill and Other*, the Company has determined that the tradename is indefinite lived. As such, the asset will not be subject to amortization; rather, management will regularly evaluate the intangible assets for indications of impairment. During the years ended December 31, 2023, 2022, and 2021, there were no indications of impairment. As of December 31, 2023, 2022, and 2021, the Company's intangible asset was \$15,000.

(i) Long Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset.

(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. This lease 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 \$64,881 and a lease liability of \$66,147. The net effect on the Company's equity on January 1, 2022 was a reduction of \$1,266. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease terms, 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 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) Revenue Recognition

The Company's revenues consist of initial franchise fees, royalties, renewal fees, transfer fees, and service fees.

The Company recognizes revenue under ASC 606, *Revenue from Contracts with Customers*. On January 1, 2022, the Company adopted the practical expedient for private company franchisors outlined in ASC 952-606 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Upon adoption of the practical expedient, the Company removed deferred commissions and deferred revenue of \$223,047 and \$986,765, respectively, on January 1, 2022. The net effect on the Company's retained earnings was an increase of \$763,718, which is reflected on the statement of members' equity (deficit).

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.

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

For each area representative agreement and franchised location, the Company enters into a formal agreement that clearly outlines the transaction price, which includes an initial fee, ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. For transfer fees, renewal fees, and services fees, revenue is recognized upon the provision of the corresponding services.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- 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

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

(l) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Colorado. 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, 2023, the 2022, 2021, and 2020 tax years are subject to examination.

(m) National Advertising Fund

During the year ended December 31, 2021, the Company has established a brand fund to promote public awareness of the brand. Franchisees contribute funds, which are based on a percentage of gross revenue, on a monthly basis. Any unused funds collected in a calendar year are to be retained and accumulated in the following year's funds and are used solely for the purposes of developing the brand and increasing public awareness. As of December 31, 2023, 2022, and 2021, the Company had a prepaid balance of \$55,228, \$31,375, and \$70,320, respectively.

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

(n) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2023, 2022, and 2021 were \$940,180, \$876,730, and \$714,526, respectively.

(o) Concentration of Risk

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.

(2) Operating Notes Receivable

The Company accepts promissory notes as part of its initial franchise sales. These notes are generally paid in a single balloon payment within twelve months. As of December 31, 2023, 2022, and 2021, the operating notes receivable balance was \$127,273, \$109,334, and \$35,667, respectively.

(3) Operating Lease

As of December 31, 2022, the Company was the lessee in an operating lease, which expired during the year ended December 31, 2023. As of December 31, 2021, the Company had no right of use assets or operating lease liabilities. As of December 31, 2022, the Company recorded a right of use asset and operating lease liability of \$22,271 and \$22,904, respectively. The lease matured in 2023, and the entirety of the lease liability was classified as current. During the year ended December 31, 2023, the Company entered into a lease agreement for office space with a 12-month term. This falls outside the scope of ASC 842, and the Company has accordingly not recorded a right of use asset or lease liability.

(4) Equipment

As of December 31, 2023, 2022, and 2021, the Company's equipment consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 178,131	\$ 45,186	\$ 31,585
Vehicles	126,750	102,314	102,314
Less: Accumulated depreciation	<u>(138,865)</u>	<u>(78,007)</u>	<u>(49,468)</u>
	<u>\$ 166,016</u>	<u>\$ 69,493</u>	<u>\$ 84,431</u>

Depreciation expense for the years ended December 31, 2023, 2022, and 2021 was \$61,129, \$28,266, and \$27,335, respectively.

(5) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Sam the Concrete Man system for a period of ten years. Prior to January 1, 2022, under the Company's revenue recognition policy, the Company allocated a portion of the initial franchise fee to initial training, which was recognized when the franchisee begins operations. The remainder was deferred, and the revenue was amortized over the life of the contract. In addition, the Company deferred related contract costs such as broker commissions over the same period and recorded them as deferred commissions.

As of January 1, 2022, under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following current and non-current portions of deferred contract costs as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Deferred commissions – current	\$ 90,000	\$ 148,500	\$ 67,490
Deferred commissions – non-current	-	-	270,557
	<u>\$ 90,000</u>	<u>\$ 148,500</u>	<u>\$ 338,047</u>

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Deferred revenue – current	\$ 402,000	\$ 648,100	\$ 417,261
Deferred revenue – non-current	-	-	1,154,469
	<u>\$ 402,000</u>	<u>\$ 648,100</u>	<u>\$ 1,571,730</u>

(6) Related Party Transactions

During the year ended December 31, 2019, the Company loaned \$41,501 of cash to a member. The loan did not accrue interest and was due on demand. During the year ended December 31, 2021, the loan was repaid in full.

During the year ended December 31, 2019, the Company entered into a promissory note with a member. The loan's principal balance was \$100,000, accrued interest at a rate of 8%, and was payable over 36 monthly payments of \$3,134. The loan was repaid in full during the year ended December 31, 2021, and no balance was due as of December 31, 2023, 2022, and 2021.

(7) Notes Payable

The Company's notes payable consisted of the following as of December 31, 2023, 2022, and 2021:

	2023	2022	2021
Note payable with a bank in relation to the purchase of a vehicle. The note accrues interest at an annual rate of 6% and requires monthly payments of \$1,018 over a term of five years	\$ 25,124	\$ 36,451	\$ 46,685
Note payable with a bank in relation to the purchase of a vehicle. The note accrues interest at an annual rate of 5% and requires monthly payments of \$1,058 over a term of five years	-	7,350	19,665
	25,124	43,801	66,351
Less: current maturities	(11,480)	(18,387)	(24,911)
	<u>\$ 13,644</u>	<u>\$ 25,414</u>	<u>\$ 41,440</u>

SAMCO, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

(8) 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 incurrence 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 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.

(9) Subsequent Events

Management has reviewed and evaluated subsequent events through March 22, 2024, which is the date the financial statements were issued.

EXHIBIT C

FRANCHISE AGREEMENT



**SAMCO, LLC
FRANCHISE AGREEMENT**

Franchise Owner: _____

Date: _____

Franchise Location: _____

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ATTACHMENTS:

Attachment A	Franchise Data Sheet
Attachment B	Statement of Ownership
Attachment C	Owners Agreement

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into by and between SAMCO, LLC, a Colorado limited liability company with a principal business address at ~~67466912~~ South ~~Revere Parkway~~ Quentin Street, Suite ~~12510~~, Centennial, Colorado 80112 (“we,” “us,” or “our”), and the franchise owner identified on the signature block of this Agreement (“you” or “your”), as of the date signed by us and set forth opposite of our signature on this Agreement (“Effective Date”).

1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE.

1A. PREAMBLES.

We and our affiliates have, with considerable effort, developed a proprietary system that offers concrete replacement and installation and improvements to existing homes and, in limited circumstances, commercial sites or businesses, including driveways and walkways, and/or replacing those areas with an improved installation within a specified geographic area (“STCM Business”). We have a distinctive business format, methods, procedures, designs, standards, and specifications, which we may improve, further develop, or otherwise modify from time to time.

We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols to be used in connection with the operation of Sam the Concrete Man franchises (“STCM Franchise”), and we may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, the “Marks”).

We grant to persons who meet our qualifications and are willing to undertake the investment and effort the right to license and operate a STCM Business offering the products and services we authorize using our business formats, methods, procedures, signs, designs, standards, specifications, and Marks we authorize (“System”).

As a franchise owner of a STCM Business, you must comply with this Agreement and all system standards. System standards are defined in the confidential operations manual as mandatory and suggested specifications, policies, standards, safety standards, operating procedures, and rules (“System Standards”) we periodically prescribe for operating an STCM Business and information on your other obligations under this Agreement in order to maintain the high and consistent quality critical to attracting and keeping clients of a STCM Business and preserving the goodwill of the Marks.

1B. ACKNOWLEDGMENTS.

You acknowledge that:

- (1) you have independently investigated this franchise opportunity and recognize that, like any other business, the nature of the business that a STCM Business conducts may, and probably will, evolve and change.
- (2) an investment in a STCM Franchise involves business risks that could cause the loss of all or part of your investment.
- (3) your personal business abilities and efforts are vital to your success.
- (4) attracting clients to your STCM Business will require you to make continual marketing efforts.

(5) retaining clients for your STCM Business will require you to have a high level of client service and adhere strictly to and maintain the System and our System Standards. We may contact any client of any STCM Franchise at any time, for any purpose. Also, if a client or other patron of the STCM Franchise wishes to lodge a complaint, we may address the person's complaints in order to preserve goodwill and prevent damage to the brand. Our right to address complaints may include refunding money to the complaining person or requiring you (or if you cannot do so properly – another STCM franchisee) to correct or redo the work performed. In these circumstances, you must reimburse us or the provider of services for these amounts. ~~You have not received from us, other than information in Item 19 of our Franchise Disclosure Document, and are not relying upon, any representations or guarantees, express or implied, provided by us as to the potential volume, sales, income, or profits of a STCM Franchise.~~

(6) in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them because of this Agreement are deemed to be only between you and us.

(7) you represented to us, to induce our entry into this Agreement, that all statements you made and all materials you gave us are accurate and complete and that you made no misrepresentations or material omissions in obtaining the franchise.

(8) you read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are necessary for us to maintain our high standards of quality and service and to protect and preserve the goodwill of the Marks.

(9) we have the right to restrict your sources of products and services, as provided in this Agreement.

~~(10) — we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you independently evaluated this opportunity, including the ability of your own business professionals and advisors, and relied solely upon those evaluations in entering into this Agreement.~~

~~(11)~~(10) you were afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning this franchise opportunity.

~~(12)~~(11) you were afforded an opportunity to have this Agreement and all other agreements and materials we provided to you reviewed by an independent attorney and either did so or waived your right to do so.

1C. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.

If you are a corporation, limited liability company, or general or limited partnership (collectively, an "Entity"), you agree and represent that:

(1) you have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(2) your organizational documents, operating agreement, or partnership agreement, have been provided to us and recite that this Agreement restricts the issuance and transfer of any

ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions;

(3) Attachment B to this Agreement completely and accurately describes your owners and their interests in you as of the Effective Date;

(4) if you are an Entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement in the form attached hereto as Attachment C guarantying the obligations of the Entity, undertaking to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. We also require that the spouses of the STCM Franchise owners sign the Owners Agreement. The Owners Agreement contains a personal guaranty and covenant not to compete. All of your employees, independent contractors, agents or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Disclosure Document in Exhibit H.

(5) the STCM Franchise will be the only business you operate like those described in the Franchise Disclosure Document during the term of this Agreement (although your owners may own other, non-competitive business interests);

(6) you identified on Attachment B one of your owners who is a natural person with at least twenty-five percent (25%) ownership interest and voting power in you and has the authority of a chief executive officer and who will be principally responsible for communicating with us about your STCM Business ("Managing Owner"). If you are an Entity with multiple owners, one of your owners who is a natural person must have at least fifty-one percent (51%) ownership interest and voting power in you (including a spouse's interest), unless we approve otherwise in writing. You delivered to us a completed Attachment B to accurately identify the Managing Owner; and

(7) you are in good standing with the state where your Entity is formed.

1D. GRANT AND TERM OF FRANCHISE.

We grant you a franchise to own and operate a STCM Franchise in a specific area selected pursuant to Section 2A below. The term ("Term") of the Franchise and this Agreement begins on the Effective Date and expires ten years after the Effective Date, unless terminated earlier. You agree to faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote the STCM Franchise. If you do not sign a Successor Franchise Agreement prior to the expiration of this Agreement (See Section 13B) and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option this Agreement may be treated either as: (i) expired as of the date of expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

1E. PROTECTED TERRITORIAL RIGHTS.

During the Term, and for so long as you are in compliance with all of your obligations hereunder, except as otherwise provided in this Agreement, and subject to our reservation of rights as set forth in this Section 1, we will not establish, franchise or license another person or entity to establish, a STCM Business within the Territory identified in Attachment A (“Territory”). Except as otherwise specifically provided in this Agreement, this Agreement does not restrict us and does not grant rights to you to pursue any of our other business concepts other than the STCM Business. We retain the rights to service or designate ourselves or other franchisees to provide warranty service in your Territory at our discretion. You will not be entitled to compensation in such cases. We will only exercise this right if a customer requests that you do not perform the warranty services or we determine that you are unwilling or unable to perform the services. You will be required to reimburse us or our designees for such services.

We retain the rights to service or designate ourselves or other STCM Businesses to service national accounts in your Territory. You are not entitled to any national account work in your Territory. “National Account” means any customer: (i) that conducts its business for its own account or through agents, affiliates, independent contractors or franchisees in two or more states in the United States; (ii) a regional or national chain with eight or more locations which client or chain has contracted with us to obtain Sam The Concrete Man products and services for three or more of its locations from us and/or STCM Businesses; or (iii) which owns, manages, controls or otherwise has responsibility for STCM Businesses in more than one location and whose presence is not confined within any one particular STCM Business’ Territory. If we permit you to service National Accounts, we may revoke our approval for you to perform any services for National Accounts at any time in our sole discretion. In the event a National Account customer of yours notifies us at any time during the performance of customer work by you that it is dissatisfied with your service for any reason, we, our affiliates, or designee may complete the customer work or contract with another company or another STCM Business to complete the customer work at your expense, including our costs and expenses.

You may directly market to or solicit customers whose principal business office or residence is outside of your Territory, and may advertise in any media whose primary circulation is outside of the Territory, so long as all products and services are sold in your Territory or in accordance with our territory policies in the Confidential Operations Manual. You may sell products and provide services to clients located outside of the Territory if there is no other franchisee in that area and provided that you sell no more than twenty percent (20%) of your services outside of the Territory and you receive written permission from us to do so. If the area is later sold to another franchisee, you must turn any customers from that area over to the new franchise owner and you will not be allowed to provide services or sell products to any existing clients in the new territory. We do not grant a right of first refusal to franchisees to purchase new or existing locations.

1F. TERRITORIAL RIGHTS WE RESERVE.

We reserve all rights and discretion with respect to the marks and system, including the right:

- (1) to own, franchise or operate STCM Businesses at any location outside of the Territory, regardless of the proximity to your STCM Business;
- (2) to use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of your Territory. This includes, but is not limited to, other channels of distribution such as television, through outlets at a fixed location, or over the Internet. We exclusively reserve the Internet as a

channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce except as provided in our online policy;

(3) to offer and sell products under the Marks or any other marks through retail locations within or outside of the Territory;

(4) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering installation and replacement of ~~rigid pavement~~, concrete and similar surfaces and related products and services, at any location, including within the Territory, which may be similar to or different from the STCM Business operated by you;

(5) to purchase or be purchased by, or merge or combine with, any businesses, including a business that competes directly with your STCM Business, wherever located;

(6) to acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by STCM Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately-owned, and whether located inside or outside of the Territory; provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Territory;

(7) to service national accounts (described in Section 1E above) within the Territory, or allow other STCM Businesses or third parties to service national accounts if a National Account customer of yours notifies us that it is dissatisfied with your service for any reason, or if you are in default, unable or unwilling to provide necessary products or services; and

(8) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Territory.

1G. MODIFICATION OF FRANCHISE SYSTEM.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider best, in our sole discretion, to modify System Standards for any franchise owner based upon circumstances that we consider important to promote that franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchisees and are not required to do so.

2. SITE AND DEVELOPMENT AND OPENING OF THE STCM FRANCHISE.

2A. SITE AND STORAGE.

Because you do not have to locate a site from which to operate your STCM Business, we do not provide you with assistance in doing so. You may open an office, but it is not required. You will not need our approval in approving the site of your office if you choose to open one. You must find a location to store your Vehicle, which may be at your residence, if permitted. The storage location must meet certain

basic requirements described in the Confidential Operations Manual. Any office or vehicle storage area must be located in your Territory.

2B. OPERATING ASSETS.

You agree to use only the equipment, vehicle, supplies and other items (“Operating Assets”) that we approve for STCM Franchises as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display only the signs, emblems, lettering, logos, and display materials that we approve from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

2C. COMPUTER SYSTEM.

You agree to obtain and use our proprietary computer hardware and/or operating software, programs, or websites we specify from time to time in our confidential operations manual (“Computer System”). You may be required to purchase a mobile data plan for the Computer System. We may modify specifications for and components of the Computer System from time to time. You also agree to maintain a functioning email address and a high-speed internet connection. Our modification of specifications for the Computer System, and/or other technological developments or events, may require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. You acknowledge and agree that changes to technology are dynamic and not predictable within the terms of this Agreement. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs may not be fully amortizable over this Agreement’s remaining term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. You agree to obtain the Computer System we currently require at least four weeks prior to the opening of the STCM Business. During your operation of the STCM Franchise pursuant to this Agreement, you must, within 30 days after you receive notice from us, obtain any new Computer System components we designate and ensure that your Computer System, as modified, functions properly, including any updates to the software as may be provided.

You must use any proprietary or designated software that is developed for STCM Franchises specified at your expense. You are required to pay us a technology fee described in Section 3 for the use of our proprietary software, website hosting, an intranet site, and other features. We reserve the right to upgrade, modify, and add new software. You will be responsible for any increase in fees that result from any upgrades, modifications or additional software.

Although you agree to buy, license, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party’s computer system; and (3) backing up all necessary data; (4) maintaining and updating an anti-virus software program; and (5) any and all consequences if the Computer System is not properly operated, maintained, backed up, and upgraded.

2D. COMPUTER SYSTEM DATA.

You must record all revenue on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Revenue of your STCM Franchise. We own all data generated by the Computer System concerning the STCM Franchise, including financial information of the

STCM Franchises and customer data and customer lists. Your right to access and use this data is granted pursuant to the terms of this Agreement. Upon termination or expiration of this Agreement, all rights to such data will also terminate. We have access to the Computer System, subject to applicable laws, and we have the right to collect and retain any and all information and data from the Computer System that concerns the STCM Franchise. We may access the electronic information and data from your Computer System remotely, in your STCM Business, or from other locations. We can use this information and data in any manner to promote the System and for the sale of STCM Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our data management and intranet systems.

2E. STCM FRANCHISE OPENING.

You agree not to open the STCM Franchise until:

- (1) we notify you in writing that the STCM Franchise meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the STCM Franchise complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, laws, ordinances, rules, regulations, requirements, or recommendations, nor a waiver of our right to require continuing compliance with our requirements, standards, or policies);
- (2) you, your Managing Owner, or, if applicable, Designated Manager, as defined in Section 8F, and other required attendees satisfactorily complete applicable portions of training before opening;
- (3) you pay the Initial Franchise Fee, as defined in Section 3A, and all other amounts then due to us;
- (4) you give us certificates for all required insurance policies (as described in Section 8G);
- (5) you notify us that all approvals and conditions stated in this Agreement have been met;
- (6) you have acquired all required permits and licenses; and
- (7) you have ordered and received your equipment, supplies, inventory, and related materials.

Subject to your compliance with the conditions above, you agree to open the STCM Business to the public no more than three months after the Effective Date. You must be prepared to open and operate your STCM Business immediately after we state your STCM Business is ready for opening. The date that the STCM Business first opens to the public shall be referred to herein as the "Opening Date." If you fail to open the STCM Business within three months of signing this Agreement, you will have the right to request, in writing, one or more 30-day extension periods to open your STCM Business, not to exceed 90 days from the required Opening Date in total. If you purchase two territories initially, you agree to open the second location when you have achieved \$750,000 in sales or in 18 months from the opening of the first location, whichever comes first.

2F. VEHICLE.

You must obtain and use a dedicated vehicle approved by us to operate the STCM Business in accordance with the System Standards (“Vehicle”). You must either already own, purchase or lease a vehicle for your STCM Franchise, or obtain prior approval for use of an alternate vehicle as set forth in our Confidential Operations Manual. You may, but are not required to, utilize more than one Vehicle.

You must:

- (1) at your sole expense, outfit the Vehicle in accordance with our then-current System Standards, as provided in the Confidential Operations Manual, and at our request, periodically update or improve the appearance of the Vehicle at our request (any such updates or improvements must be made within 30 days of our delivery of notice to you that such updates or improvements must be made);
- (2) maintain the condition of the Vehicle consistent with the image of a STCM Franchise;
- (3) place or display on the Vehicle only the signs, emblems, lettering and logos that we provide or approve;
- (4) not sell or otherwise transfer the Vehicle (other than to us) without first removing all the Marks from the Vehicle; and
- (5) allow us to inspect the Vehicle as described in the Confidential Operations Manual and upon our request.

2G. EQUIPMENT.

You are required to use dedicated equipment in the operation of your STCM Business. The equipment includes miscellaneous tools, including hand tools (“Equipment”). You must either already own, purchase or lease the then-current, approved Equipment for your STCM Franchise, or obtain prior approval for use of alternate equipment. We have a list of approved Equipment in our Confidential Operations Manual. You may, but are not required to, utilize more than one of each type of Equipment.

You must:

- (1) at your sole expense, outfit the Equipment, where applicable, in accordance with our then-current System Standards, as provided in the Confidential Operations Manual, and at our request, periodically update or improve the Equipment, where applicable (any such updates or improvements must be made within 30 days of our delivery of notice to you that such updates or improvements must be made);
- (2) maintain the condition of the Equipment consistent with the image of a STCM Franchise;
- (3) not use the Equipment for any purpose other than the operation of the STCM Business as described herein, unless you obtain written authorization from us;
- (4) place or display on the Equipment only the signs, emblems, lettering and logos that we provide or approve;

(5) not sell or otherwise transfer the Equipment (other than to us) without our prior written approval and without first removing all the Marks from the Equipment; and

(6) allow us to inspect the Equipment in the frequencies and manners described in the confidential operations manual and upon our request.

3. **FEES.**

Except as stated herein, all fees listed in this Section, once paid, shall be nonrefundable in all circumstances.

3A. INITIAL FRANCHISE FEE.

You must pay us an initial franchise fee (“Initial Franchise Fee”) as stated in Attachment “A” to this Agreement. The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your STCM Business and also offsets some of our franchise recruitment expenses.

3B. ROYALTY FEE.

You agree to pay us, on ~~Friday~~ the 15th of each ~~weekmonth~~, a ~~weekly~~ monthly royalty fee (“Royalty Fee”) equal to six percent (6%) of Gross Revenue for the previous ~~weekmonth~~. If your total Royalty Fee payments for the 9-month period from March through November of each year (the “seasonal period”) is less than the minimum royalty fee of: (i) \$2,500 per month during months 9 through 20; (ii) \$3,055 during months 21 through 32; and (iii) \$4,000 for months 33 and subsequent years from the time you sign your franchise agreement (“Minimum Royalty Fee”), you must pay us the difference between the two amounts. The Minimum Royalty Fee, if applicable, is due on the 15th of each month during the seasonal period. The Minimum Royalty Fee is determined based on the length of time you have been operating your STCM Business. If your first year of operations is less than 12 months, your Minimum Royalty Fee will be prorated based on the number of months your STCM Business was in operation. The Royalty Fee is an ongoing payment for the right to use the Marks and the intellectual property of the System and for our ongoing assistance. You acknowledge that we are entering into this Agreement with the expectation that we will receive a Royalty Fee based on the greater of your actual Gross Revenue or the Minimum Royalty Fee over the full term of this Agreement.

3C. DEFINITION OF “GROSS REVENUE.”

“Gross Revenue” means the revenues you receive from the sale of all goods, products and services sold at, from, or through your STCM Business and all other income, revenue and consideration of every kind and nature related to the STCM Business, whether for cash or credit, and regardless of collection in the case of credit, and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority; and (b) any bona fide refunds you make to customers. In the event of a dispute, we have the final authority, in our sole discretion, to determine the Gross Revenue for your STCM Business.

You agree to pay the amount of any tax imposed by any federal, state, municipal or other governmental authority as and when due. If you render services to a customer or otherwise recognize a sale (whether or not you have received payment from the customer), the amount of Gross Revenue upon which Royalty Fee is calculated will include any services that began during the calculating period, regardless of whether the services are complete.

3D. LATE PAYMENTS/INSUFFICIENT FUNDS.

Any payment not made by the due date will be deemed overdue. You will pay us a late fee of \$25 per day if any payment due to us or our affiliates is not made by the due date. All amounts which you owe us will bear interest equal to the lesser of one and one-half percent (1.5%) per month or the highest amount allowed by law beginning with the original due date and accruing until the original amounts plus late fees are paid off. We may debit your bank account automatically or deduct from any amounts you may owe us or our affiliates. You acknowledge this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the STCM Business.

You will be required to pay us the greater of \$100 per occurrence, or the highest amount allowed by law, if any check or EFT payment from you is not successful due to insufficient funds, stop payment, or any similar event.

3E. APPLICATION OF PAYMENTS.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

3F. METHOD OF PAYMENT.

We may debit your business checking account (“EFT Account”) for all fees and other payments due to us under this Agreement, including the Royalty Fee payments, Brand Building Fund contributions (defined in Section 9A), and any other payments that you owe to us, when such amounts are due to us as provided in this Agreement. You shall be required to execute the ACH Authorization form contained in Exhibit H of our Franchise Disclosure Document. The EFT Account must maintain a minimum balance of \$1,500 against which we will withdraw funds due to us. You may also, upon our written request, be required to keep a valid Visa or MasterCard credit card on file with us. You shall not subordinate to any other obligation your Royalty Fee, Brand Building Fund contribution, or any other fee or payment due to us or any affiliate of us under this Agreement. We reserve the right to charge a service fee of up to four percent (4%) for any payment paid to us or our affiliates by credit card.

Each Royalty Fee payment shall be, without exception, accompanied by a statement of the previous week’s Gross Revenue on a form approved by us and provided to you. This form may be electronic or generated by the proprietary software. Each failure to include a fully completed statement of the previous week’s Gross Revenue with the Royalty Fee payable to us when due shall constitute a material breach of this Agreement.

We require you to remit fees and other amounts due to us hereunder via EFT or other similar means utilizing our approved computer system or otherwise. You agree to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, including authorization for direct debits from your business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure, you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest charged due thereon. You shall make funds available to us for withdrawal by electronic transfer no later than the due date for payment therefore. If you have not timely reported the Gross Revenue to us for any reporting period, then we shall be authorized, at our option, to debit your account in an amount

equal to: (a) the fees transferred from our account for the last reporting period for which a report of the Gross Revenue was provided to us as required; or (b) the amount due based on information retrieved from our approved computer system.

3G. CALL CENTER/~~TECH~~SUPPORTED SERVICES FEES.

You are required to utilize our proprietary software for the operation of your STCM Franchise. Upon signing this Agreement, you must pay us an initial Call Center/~~Teek~~Supported Services Fee of \$4,100, which includes the setup costs and your first three months of payments of the Call Center/~~Teek~~Supported Services Fee. The initial Call Center/~~Teek~~Supported Services Fees are deemed fully earned by us once paid and are nonrefundable. You will be required to pay us the then-current monthly Call Center/~~Teek~~Supported Services Fee of \$1,366.66 during the months of March through November for a total payment of \$12,300 annually. This fee covers certain technologies used in the operation of your STCM Business, including the use of our proprietary WebScheduler software, website hosting, an Intranet site, and other services. Services may include answering incoming calls, quoting pricing, describing service offerings, scheduling appointments, and entering client data into the current Computer System being utilized and available to each franchisee. We reserve the right to increase this fee in our sole discretion upon 30 days' prior written notice. The first three months of the Call Center/~~Teek~~Supported Services Fee must be prepaid prior to opening.

3H. CUSTOMER SATISFACTION.

We may, in our sole discretion, remedy any issues with customers of your STCM Business, including full reimbursement of any fees paid to you. You are required to reimburse us for any such costs, payable upon demand, if a customer of your STCM Business contacts us with a complaint and we provide a gift card, refund, other value to the customer, or the full value of the services performed by another franchisee or contracting company to repair or redo services performed by you as part of our addressing the issue. This also applies to any warranty work that we or another franchisee may perform in your Territory at our discretion.

4. TRAINING AND ASSISTANCE.

4A. INITIAL TRAINING.

You are required to complete our initial training program at the times and places we designate ("Initial Training Program"). You or the Managing Owner (if you are an entity), or your Designated Manager, if applicable, must complete the Initial Training Program to our satisfaction prior to the STCM Business opening to the public. If your attendee cannot complete the Initial Training Program to our satisfaction, we may terminate this Agreement. Unless we agree otherwise in writing, you must complete the Initial Training Program by the earlier of the Opening Date or 90 days after you sign this Agreement.

We will provide the Initial Training Program for one person at no charge. Additional persons may attend the initial training program at our then-current daily training fees. You agree to pay for all wages, travel, lodging, meals, and living expenses of the required attendee and each additional attendee of yours. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program.

4B. ONGOING TRAINING.

We may require that you, your Managing Owner or your Designated Manager attend and satisfactorily complete various training courses and continuing education courses that we periodically

choose to provide, or designate a third party to provide, at your cost at the times and locations that we designate, upon not less than 30 days' prior written notice. We may charge a tuition fee for these courses. You agree to pay all wages, travel, lodging, meals, and living expenses of your attendees.

We periodically may provide and require that you and/or your Designated Manager or any of your staff attend seminars or refresher training programs as required in the confidential operations manual and charge you for these programs. If we conduct an inspection of your STCM Business and determine you are not operating in compliance with this Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your STCM Business), which we may provide and you must pay our then-current fees and all costs and expenses. Attendance at these training programs will be at our then-current rate, plus expenses, including wages, travel, lodging, meals, and living expenses of all attendees, at your sole expense. In addition to participating in ongoing training, you, your Managing Owner, or your Designated Manager will be required to attend an annual meeting of all franchisees at a location we designate. You are responsible for all wages, travel, lodging, meals, and living expenses for your attendees. If you do not attend the convention, you shall pay us within ten days of the beginning of any annual convention, a convention fee of \$1,500 ("Convention Fee"), or such other amount as we determine in our sole discretion, and your failure to attend an annual convention or a required meeting is a default under this Agreement. 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. We may preclude you from participating in any convention or program if you are in default of this Agreement or if you have had two or more notices of default in the year prior to the convention or program.

4C. GENERAL GUIDANCE.

We will advise you from time to time regarding the STCM Franchise operation based on your reports or our inspections and will guide you with respect to: (i) standards, specifications, operating procedures and methods that STCM Businesses use; (ii) purchasing required and authorized Operating Assets and other items and arranging for their distribution to you from us or suppliers; (iii) advertising and marketing materials and programs; (iv) employee training; and (v) administrative, bookkeeping, accounting, and inventory control procedures. We will guide you through our operations and brand standards manual ("Confidential Operations Manual"), in emails or other written materials, through the use of electronic media, telephone conferences, and/or meetings at our office or at your STCM Business.

4D. CONFIDENTIAL OPERATIONS MANUAL.

Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Confidential Operations Manual or other written materials. The Confidential Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

We will loan to you or make available to you on our website during the Term one copy of our Confidential Operations Manual, which could include audio, video, compact disks, computer software, other electronic media, and/or written materials. The Confidential Operations Manual contains mandatory

and suggested standards, specifications, operating procedures, and rules that we periodically prescribe for operating a STCM Franchise and information on your other obligations under this Agreement. We may modify the Confidential Operations Manual periodically to reflect changes in System Standards.

If there is a dispute over its contents, our master copy of the Confidential Operations Manual shall control. You agree that the Confidential Operations Manual's contents are confidential and that you will not disclose the Confidential Operations Manual to any person other than STCM Franchise employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Confidential Operations Manual. If your copy of the Confidential Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy at our then-current charge.

At our option, we may post some or all of the Confidential Operations Manual on a restricted website or extranet to which you will have access. If we do so, you agree to monitor and access the website or extranet for any updates to the Confidential Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Confidential Operations Manual on a website or extranet will be deemed to be part of Confidential Information (defined in Section 6 below).

You acknowledge that your compliance with the Confidential Operations Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation of the System. However, while the Confidential Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the STCM Business.

4E. DELEGATION OF PERFORMANCE.

You agree 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 for: (i) the performance of any portion or all of our obligations under this Agreement; and (ii) any right that we have under this Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

4F. STAFFING

The parties intend by this Agreement to establish between you and us only the relationship of franchisor and franchisee. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with the other, each of us being independent. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. We and you agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of the STCM Business, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not use any of the Marks in signing any contract or in applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions,

or requirements pertaining to withholdings levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof.

We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for the STCM Business does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to the STCM Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

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

You agree to inform each of your employees that you alone are their employer, and that we are not. Within seven days of our request, you and each of your employees will sign an employment acknowledgment form stating that you alone are the employee's employer. You will use your legal name on all documents for use with your employees or contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and you will not use the Marks on these documents.

5. INTELLECTUAL PROPERTY.

5A. OWNERSHIP AND GOODWILL OF MARKS.

Your right to use the Marks is derived only from this Agreement and limited to your operating the STCM Franchise according to this Agreement and all System Standards we prescribe during its Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that any unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the STCM Franchise under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not, during or after this Agreement's Term, contest or assist any other person in contesting the validity, or our ownership, of the Marks.

5B. LIMITATIONS ON YOUR USE OF MARKS.

You agree to use the Marks as the STCM Franchise's sole identification, except that you agree to identify yourself as its independent owner and operator in the manner we prescribe in the Confidential Operations Manual or otherwise in writing to you. You have no right to sublicense or assign your right to use the Marks. You may not use any Mark or name similar to the Mark: (i) as part of any corporate or legal business name; (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (iii) in selling any unauthorized products or services; or (iv) in any other manner that we have not expressly authorized in writing. You may not use any Mark as part of any domain name, homepage, electronic address, social media website, or otherwise for a Website, without our prior written consent, and then only on the terms we specify.

You may not use any Mark in advertising the transfer, sale, or other disposition of the STCM Franchise or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe in the operation of the STCM Franchise and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations we specify and to obtain any fictitious or assumed name registrations required under applicable law. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your STCM Business that you are an independently-owned and operated licensed franchisee of SAMCO, LLC.

5C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks or protect you against unfair competition arising out of your use of the Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You agree to notify us immediately if you learn that any party is using (or claims the right to use) the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take the action we deem appropriate (including no action) to exclusively control any litigation or other administrative proceeding involving a trademark licensed by us to you. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any related action that we have asked you to take.

5D. DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing the STCM Franchise signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, in our sole discretion. You acknowledge both our right to take this action and your obligation to comply with our directions.

5E. COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS.

You acknowledge and agree that:

(1) all right, title and interest in and to all materials, including, but not limited to, all artwork and designs created by us and used with the Marks or in association with the STCM Franchise (“Copyrighted Works”) are our property. Additionally, all Copyrighted Works created by you or any other person or entity retained or employed by you are works made-for-hire within the meaning of the United States Copyright Act and are our property, and we shall be entitled to use and license others to use such Copyrighted Works unencumbered by moral rights. To the extent the Copyrighted Works are not works made-for-hire or rights in the Copyrighted Works do not automatically accrue to us, you irrevocably assign and agree to assign to us, our successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Works which you and the author of such Copyrighted Works warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Copyrighted Works from another person or entity necessary to ensure our right in the Copyrighted Works as required in this Section.

(2) you shall not dispute, contest or challenge, directly or indirectly, the validity or enforceability of the Copyrighted Works or our ownership of the Copyrighted Works, nor counsel, procure or assist anyone else to do the same, nor will you take any action that is inconsistent with our ownership of the Copyrighted Works, nor will you represent that you have any right, title or interest in the Copyrighted Works other than those expressly granted by this Agreement.

(3) we may, in our sole and absolute discretion, apply to register or register any copyrights with respect to the products and services associated with the System and the Copyrighted Works. Our failure to obtain or maintain in effect any such application or registration is not a breach of this Agreement. You shall not, before or after termination or expiration of the Agreement, register or apply to register any Copyrighted Works anywhere in the world.

(4) upon our request, you shall cooperate fully, both before and after termination or expiration of this Agreement and at our expense, in confirming, perfecting, preserving and enforcing our rights in the Copyrighted Works, including, but not limited to, executing and delivering to us such documents as we reasonably request for any such purpose, including, but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the products and services associated with the System. You hereby irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents.

(5) we make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Copyrighted Works.

(6) you agree that, during the Term of the franchise relationship, or any Interim Period or successor term, if you conceive or develop any improvements or additions to the System, Copyrighted Works, System website or any other documents or information pertaining to or relating to the System or the STCM Franchise, or any new trade names, trade and service marks, logos or commercial symbols related to the STCM Franchise or any advertising and promotional ideas or inventions related to the STCM Franchise (collectively, the “Improvements”), any such Improvements shall become our property. You agree to assign to us all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and

shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other STCM franchisees without any obligation to you for Royalty Fees or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you is our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made-for-hire within the meaning of the United States Copyright Act and, to the extent the Copyrighted Works are not works made-for-hire or rights in the Copyrighted Works do not automatically accrue to us, you irrevocably assign and agree to assign to us, our successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Works, which you and the author of such Copyrighted Works warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section.

6. CONFIDENTIAL INFORMATION.

6A. SAM THE CONCRETE MAN CONFIDENTIAL INFORMATION.

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law ("Confidential Information"), relating to developing and operating STCM Franchises, including (without limitation):

- (1) training materials and manuals;
- (2) methods, formats, specifications, technical procedures, formulas, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating STCM Franchises;
- (3) marketing and advertising programs for STCM Franchises;
- (4) knowledge of, specifications for and suppliers of Operating Assets and other products and supplies;
- (5) any computer software or similar technology which is proprietary to us or the franchise System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (6) knowledge of the operating results and financial performance of STCM Franchises other than the STCM Franchise; and
- (7) all customer data, lists and other information generated by STCM Franchises.

Confidential Information does not include information, knowledge or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time that we disclosed it to you, already had lawfully become generally known in the concrete industry through publication or communication by others (without violating an obligation to us); or which, after we

disclose it to you, lawfully becomes generally known in the concrete industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques or materials relating to a STCM Franchise, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the franchise System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing an assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

We will disclose parts of the Confidential Information to you as we deem necessary or advisable for you to develop your STCM Franchise during training and in guidance and assistance furnished to you under this Agreement, and you may learn or obtain from us additional Confidential Information during the term of this Agreement. The Confidential Information is a valuable asset of ours, and is disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence. Nothing in this Agreement will be construed to prohibit you from using the Confidential Information in the operation of other STCM Franchises during the term of this Agreement. You or your Managing Owner and any Designated Manager must sign a written agreement (“System Protection Agreement”) to maintain our Confidential Information described in Sections 6 and 15, and to abide by the covenants not to compete described in Section 15 (a copy of the form is attached as an exhibit to our Franchise Disclosure Document and may be contained and updated in the Confidential Operations Manual). All of your employees, independent contractors, agents or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement) (a copy of the form is attached as an exhibit to our Franchise Disclosure Document and may be contained and updated in the Confidential Operations Manual).

6B. RESTRICTIONS ON CONFIDENTIAL DATA.

You acknowledge and agree that you will not acquire any interest in Confidential Information other than the right to use it as we specify in operating the STCM Franchise during this Agreement’s Term, and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

- (1) will not use Confidential Information in any other business or capacity;
- (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement’s Term and then thereafter for as long as the item is not generally known in the concrete industry;
- (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to STCM Franchise personnel and others, and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights. You agree to provide us with information that we may reasonably require with

respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data, including, but not limited to, customer information, resulting from a breach of such data caused in whole or in part by your acts or negligence.

Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney, and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

7. EXCLUSIVE RELATIONSHIP.

You acknowledge that we have granted you the right to operate the STCM Business in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, neither you, any of your owners, nor any of your or your owners' spouses or other immediate family members will:

- (1) have any direct or indirect controlling or non-controlling interest as an owner, whether of record, beneficially, or otherwise, in a Competitive Business, wherever located or operating (except that equity ownership of five percent (5%) or less of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- (3) divert or attempt to divert any actual or potential business or client of the STCM Franchise (or one of our affiliates or franchisees) to a Competitive Business; or
- (4) engage in any other activity which may injure the goodwill of the Marks and System.

The term "Competitive Business" means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Territory (including, but not limited to, the services we authorize) provided that a STCM Business operated under a franchise agreement with us is not a Competitive Business.

You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

8. SYSTEM STANDARDS.

8A. CONDITION AND APPEARANCE OF THE STCM FRANCHISE.

You agree that:

(1) you will maintain and refurbish the condition and appearance of the STCM Franchise, its Operating Assets, the Equipment and the Vehicle in accordance with System Standards and consistent with the image of a STCM Franchise as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness, sanitation, efficient, courteous service, and in that connection will take, without limitation, the following actions during the term of this Agreement: (a) thorough cleaning, repainting and repairing of the interior and exterior of the Vehicle at intervals we prescribe; and (b) repair or replacement of damaged, worn out or obsolete Operating Assets or Equipment;

(2) you will place or display on your Vehicle and Equipment only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve;

(3) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Vehicle or Equipment of the STCM Franchise or its fixtures, furnishings or signs does not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency; and

(4) at our request, you will periodically improve and modify the STCM Franchise, the Equipment and the Vehicle to conform to the then-current System Standards.

8B. SPECIFICATIONS, STANDARDS AND PROCEDURES.

You agree that: (i) the STCM Franchise will offer the products and services that we specify from time to time; (ii) the STCM Franchise will offer and sell approved products and services only in the manner we have prescribed; (iii) you will not offer for sale or sell through the STCM Franchise any products or services we have not approved; and (iv) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove in writing.

8C. CLIENT INFORMATION.

We may contact any client of any STCM Franchise at any time for any purpose. Also, if we are contacted by a client or other patron of the STCM Franchise who wishes to lodge a complaint, we reserve the right to address the person's complaints in order to preserve goodwill and prevent damage to the brands. Our right to address complaints may include refunding money to a dissatisfied customer, in which case you must reimburse us for these amounts. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all client lists and documents and records related thereto. All data that you collect, create, provide or otherwise develop, including, but not limited to, customer information, is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Upon reasonable request, you must furnish to us in whatever format we require, all client information and records for the STCM Franchise, both active and inactive, which shall include, but not be limited to, names, addresses and telephone numbers of such clients (hereinafter collectively referred to as "Client Lists"). You acknowledge and agree that we are the sole owner of the Client Lists and that you shall not

use the Client Lists for any purpose other than for the operation of the STCM Franchise or distribute, in any form or manner, the Client Lists to any third party without our prior written consent.

8D. APPROVED PRODUCTS, DISTRIBUTORS AND SUPPLIERS.

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets, Equipment, other products, materials and supplies. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates.

We may designate ourselves as the approved distributor or supplier, or we may designate a single distributor or supplier for any product, service, Equipment, supply or material, and may approve a supplier or distributor only as to certain products, including your computer system. The designated supplier may be us or an affiliate of ours. You must allow us unlimited access to data collected by the computer system.

We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. You acknowledge that and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from payments made to us or our affiliates by suppliers that we designate or approve for some or all of our franchisees.)

If you would like to purchase any items from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor (alternatively, the proposed supplier or distributor may submit its own request), along with any information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 60 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service or to purchase or lease the product or service from that supplier or provider. We may charge the cost of evaluating a proposed new vendor/supplier and/or its product to you or the vendor/supplier. The supplier may be required to sign a supplier agreement with us. We have the right to inspect the proposed supplier's or distributor's facilities and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval, upon written notice, if the supplier or distributor does not continue to meet any of our criteria. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

8E. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the STCM Business and must at all times operate the STCM Business in full compliance with all applicable laws, ordinances and regulations (including, without limitation, government regulations relating to truth-in-lending, Department of Transportation regulations, safety and sanitation, truth in advertising, OSHA, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance). You must withhold and pay all

applicable federal and state taxes, social security taxes, and sales, use and service taxes. Certain states tax the services differently. Some states do not tax the services at all, while some make a distinction between commercial and residential jobs. It is your responsibility to review your state's tax policy to ensure compliance. The STCM Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other STCM Franchises. You must notify us in writing within five days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the STCM Business and of any notice of violation of any law, ordinance or regulation relating to the STCM Business. You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (i) comply with the requirements of applicable law; (ii) immediately give us written notice of said conflict; and (iii) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent as to said policy. You must notify us in writing within five days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the STCM Franchise and of any notice of violation of any law, ordinance, or regulation relating to the STCM Franchise.

8F. MANAGEMENT OF THE STCM FRANCHISE.

Subject to the terms of this Section, the STCM Franchise shall be managed by you, or if you are an Entity, by the Managing Owner. You (or the Managing Owner if you are an Entity) agree to work full time to supervise the day-to-day operations of the STCM Franchise and continuously exert your best efforts to promote and enhance the STCM Franchise. At your request, we may, in our sole discretion, but are not obligated to, agree for you to employ a Designated Manager (other than you or the Managing Owner) to operate the Franchise ("Designated Manager"). The term "Designated Manager" means an individual with primary day-to-day responsibility for the STCM Franchise's operations, and may or may not be you (if you are an individual) or a principal owner, officer, director, or employee of yours (if you are other than an individual). The Designated Manager shall have similar responsibilities as a Managing Owner. You must deliver to us a completed Attachment B accurately identifying the Designated Manager. The Designated Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the STCM Franchise's operations and must have full authority from you to implement the System at the STCM Franchise. Each Designated Manager and successor Designated Manager must attend and complete our Initial Training Program (as detailed in Section 4A of this Agreement). Each Designated Manager, and if you are an Entity, any officer that does not own equity in the franchisee Entity, must sign the System Protection Agreement, the current form of which is attached to the Franchise Disclosure Document as Exhibit H, to maintain our Confidential Information and to abide by the covenants not to compete. You must forward to us a copy of each such signed System Protection Agreement. If we determine, in our sole discretion, during or following completion of the initial training program, that your Designated Manager (if any) is not qualified to act as Designated Manager of the STCM Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

If a Designated Manager's employment with you is terminated, and your Managing Owner will not manage your STCM Business, you must appoint a new Designated Manager who must successfully complete our Initial Training Program 30 days after the termination of the former Designated Manager, unless we do not hold an Initial Training Program during that 30-day period, in which case the replacement Designated Manager must attend and successfully complete the first available Initial Training Program held by us. You may be charged a training fee for a replacement Designated Manager or Managing Owner. The factors used by us in determining whether you will be charged a training fee include the location of training, the length and type of training necessary, the costs borne by us in conducting the training, the replacement Designated Manager or Managing Owner's previous experience and skill, and our availability. You are responsible for all wages, travel, lodging, meals, and living expenses for any attendees of the Initial Training Program. If your Designated Manager ends his/her employment relationship with you, or you replace a Designated Manager for any reason, you will be required to manage the STCM Business on a full-time equivalent basis until a new Designated Manager is hired and has satisfactorily completed our Initial Training Program.

8G. INSURANCE.

During the term of this Agreement, you must maintain in force at your sole expense comprehensive commercial general liability, vehicle, product liability, and property insurance and other types of insurance we require. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with the STCM Franchise operation or activities of your personnel in the course of their employment. All of these policies must contain the minimum coverage we prescribe from time to time in our Confidential Operations Manual and must have deductibles not to exceed the amounts we specify. If your state requires higher coverages than we prescribe, you will be required to obtain insurance that satisfies your state law requirements. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances as provided in our Confidential Operations Manual, as amended from time to time. These insurance policies must be purchased from an insurance company satisfactory to us and must, with the exception of employment liability and workers' compensation insurance policies, name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of any intent by the insurer to reduce coverage or policy limits, cancel or amend the policy. The insurance company must be authorized to do business in the state where your STCM Business is located and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must deliver to us at commencement and thereafter annually or at our request a proper certificate of insurance evidencing the existence of the required insurance coverage. We may also request copies of all insurance policies. You agree not to permit any third party subcontractor to perform any work or offer services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as you are required to maintain under this Agreement, and such insurance names us as an additional insured, or otherwise has the required insurance coverage through your insurance policies. You agree to maintain evidence of such insurance by your subcontractors and to provide such proof of insurance as we have the right to require from time to time. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, including, without limitation, termination, we may (but need not) obtain such insurance for you and the STCM Franchise on your behalf, in which event you shall cooperate with us and reimburse us on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus an administrative fee of twenty percent (20%) for our time incurred in obtaining such insurance.

8H. PRICING.

We may, from time to time, make suggestions to you with regard to your pricing policies in compliance with applicable laws. We retain the right to establish minimum and maximum prices to be charged by you, subject to applicable laws, but any exercise of that right will be specifically set forth in writing.

8I. COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that operating and maintaining the STCM Franchise according to System Standards is essential to preserve the goodwill of the Marks and all STCM Franchises. Therefore, you agree at all times to operate and maintain the STCM Franchise according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the System's or your best interests. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the STCM Franchise and implementing and maintaining System Standards at the STCM Franchise.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 8A through 8H above:

- (1) amounts and types of Equipment and inventory requirements for products and supplies so that the STCM Franchise may operate at full capacity;
- (2) terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services that you obtain from us and affiliated and unaffiliated suppliers; and our affiliates' right not to sell you any products or to provide you with services, or to do so only on a "cash-on-delivery" or other basis, if you are in default under any agreement with us;
- (3) sales, marketing, advertising and promotional programs and materials and media used in these programs;
- (4) use and display of the Marks at the STCM Franchise and on labels, forms, paper, products, and other supplies;
- (5) identifying the STCM Franchise personnel, and employee qualifications, training, dress and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);
- (6) days and hours of operation;
- (7) participation in market research and testing and product and service development;
- (8) programs, as well as participation in, and dues assessed for, advisory councils;
- (9) accepting credit and debit cards, other payment systems, gift cards and loyalty cards, credit and check verification services and compliance programs and systems relating to the same. You agree to maintain relationships with credit and debit card issuers or sponsors we may periodically designate, including companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"), and you agree to make sure that you are in compliance with all laws that are applicable to the technology used in

the operation of your STCM Business, including all data protection or security laws, as well as compliance with the then-current Payment Card Industry Data Security Standards or similar standards that we may reasonably specify;

(10) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the STCM Franchise; and

(11) any other aspects of operating and maintaining the STCM Franchise that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and STCM Franchises.

You agree that System Standards we prescribe in the Confidential Operations Manual or otherwise communicate to you in writing or another tangible form (for example, via a franchise System extranet or website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

8J. MODIFICATION OF SYSTEM STANDARDS.

We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the STCM Franchise and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve adding new products and services, adding personnel, or otherwise modifying the nature of your operations as if they were part of this Agreement as of the Effective Date.

8K. MYSTERY SHOPPER PROGRAM.

To ensure uniformity and compliance with the System Standards, we may utilize mystery shoppers. We may, but are not obligated to, share the results of the mystery shopper with you. You will not be charged for any mystery shoppers that we send to your STCM Franchise unless it is done at your request.

8L. CONTINUOUS OPERATION OF BUSINESS.

You acknowledge and agree that if your STCM Business is closed or otherwise not operated for a period of five consecutive days or more, not including the seasonal period, state recognized holidays or weather related closures, without our prior written consent, the closure or failure to operate will constitute your voluntary abandonment of the STCM Franchise, and we have the right, in addition to other remedies provided for herein, to terminate this Agreement and the STCM Business operated hereunder. Acts of God, war, strikes or riots preventing you temporarily from complying with the foregoing will suspend compliance therewith for the duration of the interference.

9. MARKETING.

9A. BRAND BUILDING FUND.

Recognizing the value of advertising and marketing to the goodwill and public image of a STCM Franchise, we have established a national advertising and marketing fund ("Brand Building Fund") for the advertising, marketing, and public relations programs and materials we deem appropriate. You must contribute two percent (2%) of your Gross Revenue to the Brand Building Fund ("Brand Building Fund")

Contribution”). You will pay the Brand Building Fund Contribution on the same weekly schedule in which the Royalty Fee is paid.

Your contribution to the Brand Building Fund will be in addition to all other advertising requirements set out in this Section 9A. Each franchisee will be required to contribute to the Brand Building Fund, but certain franchisees may contribute on a different basis depending on when they signed their franchise agreement. Outlets owned by us may, but are not required to, contribute to the Brand Building Fund on the same basis as franchisees.

The Brand Building Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Building Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Building Fund will be utilized. We may use the Brand Building Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System, and any other purpose to promote the STCM brand. We may use any media for disseminating Brand Building Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Building Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Building Fund. We do not guarantee that advertising expenditures from the Brand Building Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Building Fund Contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Building Fund or to maintain, direct or administer the Brand Building Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable.

The Brand Building Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Building Fund that shows how the Brand Building Fund proceeds have been spent for the previous year.

9B. LOCAL ADVERTISING.

You shall continuously promote the STCM Business. You must pay to us a local advertising fee during the nine-month period from March to November, or whichever 9-month period we designate as your seasonal period in your Franchise Agreement (“Local Advertising Fee”). We will procure local advertising on your behalf until you obtain 15 estimates per week. Once you obtain your 15th estimate for the week, you are not obligated to pay for additional local advertising for that week. For purposes of calculating this fee, each week begins on Friday and ends the following Thursday. Your obligation for the Local Advertising Fee includes the day in which you obtain your 15th estimate. We will send you an invoice each week for the previous week, which you must pay at the same time as the Royalty Fee. In no event will the Local Advertising Fee exceed \$1,000 per week. You are not charged this fee until your STCM Business is opened, nor are you charged this fee outside of this nine-month time period. Depending on whether or not your STCM Business opens during the seasonal period designated in your Franchise Agreement, you may

be required to pay the Local Advertising Fee at the same time you are executing the Initial Marketing Program. It is your obligation to ensure that we are notified that you have obtained 15 estimates and provide us with any required documentation.

The Local Advertising Fee shall be used to advertise and promote the STCM Business. All local advertising and promotion by you, including any Internet promotions authorized by us, shall be conducted in a dignified manner, conform to System Standards as we shall establish in the Confidential Operations Manual or otherwise in writing, and not be used without our prior approval. If you own multiple STCM Businesses in a contiguous area, we may, but are not obligated to, reduce your Local Advertising Fee.

You shall submit to us for approval samples of all advertising and promotional plans and materials prior to their use. We will notify of whether or not the advertising is approved within 30 days of receiving the advertisement or marketing material from you. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. We also shall have the right at any time after you commence use of such material to prohibit further use, effective immediately upon receipt of written notice to you. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your STCM Business, those items or services must be in your Gross Revenue, and will be subject to Royalty Fees and the Brand Building Contributions.

You may not advertise via the Internet or a worldwide web page unless we have authorized you to do so in writing. We may allow you to market your STCM Business through social media sites so long as you follow our online policies and procedures, which are contained in the Confidential Operations Manual. Our online policies and procedures may change as technology and the Internet changes. Under our online policies and procedures, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising and co-branding arrangements. We may not allow you to independently market on the Internet or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. We may require you to allow us access to your social media pages to manage content. In all social media activities, you must identify yourself as an independently-owned and operated franchisee. We intend any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve or disapprove any linking or other use of our website in our sole discretion.

If you violate the provisions of this Section, in addition to all other remedies available to us, you shall pay a fee of \$500 ("Unauthorized Advertising Fee") per occurrence to the Brand Building Fund to offset the brand damage caused by your breach.

9C. INITIAL MARKETING.

You must execute an initial marketing and advertising program ("Initial Marketing Program"). You agree to spend at least \$5,000 on an initial advertising and promotional program for the STCM Franchise, and use any particular media and advertising agencies we may designate in connection with such program, during the first three months of operation of your STCM Business. This expenditure is in addition to your Local Advertising Fee, and you may be required to pay for the Initial Marketing Program at the same time Local Advertising Fee payments are due, depending on whether or not your STCM Business opens during the seasonal period designated in this Agreement. The Initial Marketing Program must comply with our standards and specifications, as set forth in the Confidential Operations Manual, and you must use advertising, marketing and public relations programs, firms, media and materials that we approve in writing. We agree to furnish you with such advice and guidance as we deem appropriate with respect to your Initial

Marketing Program. Advertising items such as brochures, business cards, invoices and stationary may be included in this Initial Marketing Program.

9D. FRANCHISE SYSTEM WEBSITE.

We have established a website to advertise, market and promote STCM Franchises and the products and services that STCM Franchises offer and sell ("System Website"). We will reference the STCM Franchise in the manner that we determine from time to time. You must give us the information that we request from time to time concerning the STCM Franchise to include on the System Website. By providing the information to us, you will be representing to us that it is accurate and not misleading and does not infringe any third party's rights. We will own all intellectual property and other rights in the System Website, all information contained on it, and all information generated from it (including the domain name or URL, the log of "hits" by visitors, and any personal or business data that visitors supply).

For as long as we maintain the System Website, we shall have the right to use the Brand Building Fund's assets to develop, maintain and update the System Website. We periodically may update and modify the System Website. You must promptly notify us whenever any information on your listing changes or is not accurate. You acknowledge that we have final approval rights over all information on the System Website. We may implement and periodically modify System Standards relating to the System Website.

The System Website may include a zip code locator and/or a link to a personal STCM Franchise website that is designated for you (your "Local Page"). Your Local Page will include information relating to your specific business site and select content that we provide from our System Website. You agree you will use an approved supplier designated in the Confidential Operations Manual to establish your Local Page. You may not establish or maintain any other website or engage in any other electronic marketing of products or services. We reserve the right to change the requirements relating to your Local Page at any time. Any information or content that you wish to include on your Local Page shall be subject to our approval prior to posting. If you are in default of any obligation under this Agreement or the System Standards, then we may, in addition to our other remedies, temporarily remove references to the STCM Franchise from the System Website and/or remove your Local Page until you fully cure the default. We may, at our option, discontinue any or all System Websites at any time.

You may not, without our prior written approval, develop, maintain or authorize any other website that mentions or describes you or the STCM Franchise or displays any of the Marks.

Nothing in this Section shall limit our right to maintain websites other than the System Website.

9E. ADVISORY COUNCIL.

We ~~currently do not have, but may establish,~~ a STCM business franchise advisory council ("FAC") that ~~will serve~~ in an advisory capacity only with respect to a variety of issues, one of which is to advise us on advertising and promotional activities. ~~We anticipate that the FAC will be established once there are approximately 20 STCM Businesses in operation. The FAC will be~~ The FAC is governed by by-laws. The purpose of the FAC is to provide input regarding the Brand Building Fund and to promote communications between us and all STCM Businesses. We ~~will~~ have the power to ~~form,~~ change, or dissolve the FAC, in our sole discretion.

10. REPORTS.

You must provide to us, at your own expense, timely financial statements in a form acceptable to us, as specified in the Confidential Operations Manual. You agree to comply with all reporting requirements we prescribe in the Confidential Operations Manual.

In order for us to provide the most timely and useful information to the STCM Franchise, it is essential that you collect certain information as soon as possible after the applicable accounting period closes. You agree to submit, based on the frequency we designate and/or when requested, completed relevant worksheets, payroll changes and current hours worked, bank statements, and any other documents required in the Confidential Operations Manual to properly record all transactions affecting the STCM Franchise financial activity.

If you fail to submit STCM Franchise-related items when required pursuant to this Section, we shall have the right to terminate the Agreement as provided in Section 14B.

You agree to give us reports in the manner and format that we prescribe in the Confidential Operations Manual from time to time:

- (1) within five days of our request, all profit and loss and source and use of funds statements and a balance sheet for the STCM Franchise as of the end of the prior calendar month;
- (2) within 30 days after the filing of your tax return each year, a copy of the tax return for the STCM Franchise for the previous calendar year, unless you have filed an extension and received approval from us for an extension; and
- (3) any other data, information, and supporting records reasonably requested by us from time to time (including, without limitation, daily and weekly reports of product sales by category).

An officer must certify and sign each report and financial statement in the manner we prescribe. We may disclose or use the data derived from these reports, your yearend reports, and any other financial statements from the operation of your STCM Franchise, for any purpose we deem appropriate, in our sole discretion. If we choose to utilize your STCM Franchise's financial statements for disclosure in our Franchise Disclosure Document, we may be required to disclose identifying information about your STCM Franchise in such disclosure.

Subject to applicable law, you agree to preserve and maintain all records in a secure location at the STCM Franchise for at least ten years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash Revenue and disbursement journals, and general ledgers). If there is a discrepancy in any financial statement or information that you present to us, we may require you to have audited financial statements prepared annually during the term of this Agreement at your expense. If you fail to submit a report by the due date specified in this Agreement, you will be fined \$100 for each occurrence and \$100 each week until such report is submitted. All fines shall be paid to the Brand Building Fund, which will be debited from your account within five days of the request for the report.

11. INSPECTIONS AND AUDITS.

11A. OUR RIGHT TO INSPECT THE STCM FRANCHISE.

To determine whether you and the STCM Franchise are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (i) inspect the STCM Business, Vehicle, and any Equipment; (ii) observe, photograph, or videotape the STCM Business, Vehicle, and any Equipment, and operation thereof for consecutive or intermittent periods we deem necessary; (iii) remove samples of any products and supplies; (iv) interview the STCM Business personnel and clients; (v) perform mystery shops of your STCM Business; and (vi) inspect and copy any books, records and documents relating to the STCM Business or Franchise operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the STCM Business's operation.

11B. OUR RIGHT TO AUDIT.

We may at any time during your business hours, and without prior notice to you, examine your STCM Business bookkeeping and accounting records, sales and income tax returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination reveals an understatement of monthly Gross Revenue exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to pay us, within ten days after billing, the Royalty Fee and Brand Building Fund Contributions due on the amount of the understatement, as well as reimburse us for the costs of the audit and inspection, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees, plus a late fee of \$25 per day and one and one-half percent (1.5%) interest or the maximum rate allowed by law per month on the understated amounts from the date originally due until the date of payment (See Section 3E). These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. TRANSFERS.

12A. TRANSFER BY US.

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

12B. TRANSFER BY YOU.

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the STCM Franchise in reliance upon our perceptions of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the STCM Franchise (or any right to receive all or a portion of the STCM Franchise profits or losses or capital appreciation related to the STCM Franchise); (iii) substantially all of the assets of the STCM Franchise; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your owners (if such owners are legal

entities). A transfer of the STCM Franchise ownership, possession or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term “transfer” includes a voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition. An assignment, sale, gift or other disposition includes the following events:

- (1) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (2) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (3) any sale of a security convertible to an ownership interest;
- (4) transfer of an interest in you, this Agreement, the STCM Franchise or substantially all of its assets, or in your owners in a divorce, insolvency, or Entity dissolution proceeding or otherwise by operation of law;
- (5) if one of your owners or an owner of one of your owners dies; a transfer of an interest in you or your owner by will, declaration of or transfer in trust; or under the laws of intestate succession; or
- (6) foreclosure upon the STCM Franchise, or your transfer, surrender, or loss of the STCM Franchise possession, control or management.

Additionally, you may not pledge this Agreement (to someone other than us), or an ownership interest in you or your owners as security for any loan or other financing, unless: (i) we grant our prior written consent and, unless we agree otherwise in writing (ii) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

12C. CONDITIONS FOR APPROVAL OF TRANSFER.

If you (and your owners) are in full compliance with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and meet our then-applicable standards for STCM Franchise owners (including no ownership interest in or performance of services for a Competitive Business). If the proposed transfer is of this Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

- (1) the transferee has sufficient business experience, aptitude and financial resources to operate the STCM Franchise;
- (2) you have paid all Royalty Fees, Brand Building Fund Contributions and other amounts owed to us, our affiliates and third party vendors;

- (3) you have submitted all required reports and statements;
- (4) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;
- (5) the transferee (or its Managing Owner, or, if applicable, its Designated Manager) satisfactorily completes our training program. You or the transferee must pay us our then-current training fee;
- (6) the transferee agrees to upgrade, remodel and refurbish the STCM Franchise in accordance with our current requirements and specifications for the STCM Franchise within 45 days after the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take within this time period) and to deposit with us the estimated cost to complete the upgrade or remodel;
- (7) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then-current form of franchise agreement, Owners Agreement, and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;
- (8) you or the transferee pays us a transfer fee (“Transfer Fee”) that is the greater of \$20,000 or five percent (5%) of the sale price, plus the costs and fees associated with training. There will not be a Transfer Fee for a transfer to a wholly-owned company, but you must reimburse our legal expenses. The Transfer Fee shall be paid as follows: you will be required to deposit a nonrefundable down payment of \$1,000 at the time of the transfer application submittal and pay, in certified funds, the remaining balance of the Transfer Fee at the time of the approved transfer;
- (9) you and your transferring owners sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;
- (10) we have determined that the purchase price and payment terms will not adversely affect the transferee’s operation of the STCM Franchise;
- (11) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee’s obligations under promissory notes, agreements, or security interests reserved in the STCM Franchise are subordinate to the transferee’s obligation to pay Royalty Fees and Brand Building Fund Contributions and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement;
- (12) you and your transferring owners (and your and their spouses and other immediate family members) will not, for two years beginning on the transfer’s effective date, engage in any of the activities proscribed in Section 15E below;
- (13) you and your transferring owners will not, directly or indirectly, at any time or in any manner (except with respect to other STCM Franchises you own and operate) identify yourself or themselves or any business as a current or former STCM Franchise or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a STCM Franchise 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 us;

(14) you have not violated any provision of this Agreement, the lease, if any, or any other agreement with us during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer; and

(15) you must reimburse us for our costs of transfer, including any broker commissions, finder's fees, or other similar charges we incur related to any transfer, including those incurred for any transfer that is not completed.

We may review all information regarding the STCM Franchise that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the STCM Franchise.

12D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY.

Notwithstanding Section 12C above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the STCM Franchise and, if applicable, other STCM Franchises, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests; provided that all of the STCM Franchise assets are owned and the STCM Franchise business is conducted only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to Section 12C above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur. If you transfer pursuant to the terms of this Section 12D, you will not be required to pay a Transfer Fee, but will be required to reimburse us for any legal expenses that we incur related to such transfer.

12E. YOUR DEATH OR DISABILITY.

(1) Transfer upon Death or Disability. Upon your or your Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian or other personal representative must apply to us for the right to transfer your interest in this Agreement, or the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, or devisees) within a reasonable time not to exceed 120 calendar days of your or your Managing Owner's death or disability. That transfer must be completed within a reasonable time, not to exceed 180 days from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. A failure to transfer your interest in this Agreement or the Managing Owner's ownership interest in you within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or the Managing Owner from supervising the management and operation of the STCM Franchise.

(2) Operation upon Death or Disability or Default. If, upon your or the Managing Owner's death or disability, a manager approved by us is not managing the STCM Franchise, your or the Managing Owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed 15 days from the date of death or disability, appoint a manager. The manager must complete our Initial Training Program at your expense within 30 days from the date of death or disability, unless we do not hold an Initial Training Program during that 30-day period, in which case the manager must attend and successfully complete the first available Initial Training Program held by us. If you are an Entity, a new

Managing Owner acceptable to us also must be appointed for the STCM Franchise within 30 days of the date of the death or disability. If, in our judgment, the STCM Franchise is not being managed properly any time after your or the Managing Owner's death or disability, or at any time that you are in default of the Agreement, we may, but need not, exercise our Step-In Rights and appoint an Interim Manager, in which case, you, your Managing Owner, or the executor, administrator, personal representative, trustee or heirs of such person (in the event of a death or incapacity), must fully cooperate with us and pay all fees to us or our designee in accordance with Section 14C of this Franchise Agreement.

12F. EFFECT OF CONSENT TO TRANSFER.

Our consent to a transfer of this Agreement and the STCM Franchise, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the STCM Franchise or 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 transferee's full compliance with this Agreement.

12G. OUR RIGHT OF FIRST REFUSAL.

If you or any of your owners at any time determine to sell or transfer for consideration an interest in this Agreement and the STCM Franchise, or an ownership interest in you (except to or among your current owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Sections 12B and 12C above, you or your owners agree to obtain from a responsible and fully disclosed buyer, and send to us a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and the STCM Franchise. 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. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12B and 12C above. We may require you or your owners to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within 30 days after we receive both an exact copy of the offer and we have received to our satisfaction all other information we request concerning the offer and the proposed purchaser, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- (2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and
- (4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and

warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections 12B and 12C above, and the transfer is done in compliance with the conditions in Sections 12B and 12C above.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

13. EXPIRATION OF THIS AGREEMENT.

13A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Upon expiration of this Agreement, if you meet certain conditions, you will have the option to acquire up to two additional successive ten-year renewal terms (each additional term is a "Successor Franchise"). The qualifications and conditions for the successor term are described below.

When this Agreement expires:

(1) you and each of your owners must have substantially complied with this Agreement during its Term, which includes satisfying all monetary obligations owed by you to us, our affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise;

(2) you and each of your owners (if you are an Entity) are, both on the date you give us written notice of your election to acquire a Successor Franchise (as provided in Section 13B below) and on the date on which the term of the Successor Franchise would commence, in full compliance with this Agreement, all System Standards, and any other agreement between you and us;

(3) you (or your Designated Manager) must satisfactorily complete any new training and refresher programs we may reasonably require;

(4) you must maintain possession of or agree to replace the Vehicle if necessary to conform to our then-current System Standards;

(5) you must add or replace improvements, Equipment, and Operating Assets;

(6) you must otherwise modify the STCM Franchise as we require to comply with System Standards then-applicable for new STCM Franchises;

(7) subject to state law, you must execute a general release, in a form prescribed by us, of any and all claims which you may have against us and our affiliates and our respective shareholders, directors, employees, and agents in their corporate and individual capacities. Unless otherwise prevented by state law, we will consider your failure to sign the release and to deliver it to us for acceptance and execution within 30 days after it is delivered to you to be an election not to acquire a Successor Franchise;

(8) you must execute the then-current form of franchise agreement (“Successor Franchise Agreement”) and all other agreements, legal instruments and documents then customarily used by us in the renewal of our franchises. The Successor Franchise Agreement and these other agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by us, including but not limited to the payment of higher fees. We have the right to refuse to renew the license granted under this Agreement if we have given you written notice three or more times for failure to comply with the terms of this Agreement, whether or not such failure is subsequently cured. At the time you sign the Successor Franchise Agreement, you will pay a successor franchise fee of \$6,000 to renew the license.

If you and each of your owners (if an Entity) are not, both on the date you give us written notice of your election to acquire a Successor Franchise and on the date on which the term of the Successor Franchise commences, in full compliance with this Agreement, all System Standards, and any other agreement between you and us, you acknowledge that we need not grant you a Successor Franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 14B.

13B. GRANT OF A SUCCESSOR FRANCHISE.

You agree to give us written notice (“Your Notice”) of your election to acquire a Successor Franchise no more than 12 months and no less than six months before this Agreement expires. We agree to give you written notice (“Our Notice”), not more than six months after we receive your notice, of our decision:

- (1) to grant you a Successor Franchise;
- (2) to grant you a Successor Franchise on the condition that you correct existing deficiencies of the STCM Franchise or in your operation of the STCM Franchise;
- (3) not to grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its Term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a Successor Franchise; or
- (4) not to grant you a Successor Franchise because we no longer maintain a franchise program for STCM Franchises.

If applicable, Our Notice will:

- (1) describe the remodeling, expansion, improvements, and/or modifications required to bring the STCM Franchise into compliance with then-applicable System Standards for new STCM Franchises; and
- (2) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a Successor Franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a Successor Franchise, your right to acquire a Successor Franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If Our Notice states that you must remodel the STCM Franchise and/or must cure certain deficiencies of the STCM Franchise or its operation as a condition to our granting you a Successor Franchise, we will give you written notice of our decision not to grant a Successor Franchise based upon your failure to complete the remodeling and/or to cure those deficiencies, not less than 90 days before this Agreement expires; provided, however, that we need not give you this 90 days' notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the 90-day period before it expires. We may extend this Agreement's Term for the time period necessary to give you either reasonable time to correct deficiencies or the 90 days' notice of our refusal to grant a Successor Franchise. If you fail to notify us of your election to acquire a Successor Franchise within the prescribed time period, we need not grant you a Successor Franchise.

14. TERMINATION OF AGREEMENT.

14A. TERMINATION BY YOU.

If you and your owners are in full compliance with this Agreement, and we materially fail to comply with this Agreement and do not correct the failure within 30 days after you deliver written notice of the material failure to us, or if we cannot correct the failure within 30 days and do not give you within 30 days after your notice, reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional 30 days after you deliver to us written notice of termination. However, if we send you written notice during the 30 day period indicating either that: (1) we do not agree that we have materially failed to comply with this Franchise Agreement; or (2) we have fully corrected the failure, then you may not terminate this Franchise Agreement; instead, if you disagree with our position, you agree to submit the dispute to mediation in accordance with Section 17 below.

Your termination of this Agreement other than according to this Section 14A will be deemed a termination without cause and a breach of this Agreement. If you terminate this Agreement without cause, you agree to pay to us within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages determined by multiplying the combined monthly average of Royalty Fees and Brand Building Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you opened your STCM Business through the date of early termination, multiplied by the lesser of: (i) 24; or (ii) the number of full months remaining in the Term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$10,000.

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

This liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your Owners agree that the liquidated damages provision does not give us an

adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

14B. TERMINATION BY US.

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (1) you or any of your owners have made or make any material misrepresentation or omission in acquiring the STCM Franchise or operating the STCM Franchise;
- (2) you do not open the STCM Franchise for business within three months after the Effective Date;
- (3) you, your Managing Owner or, if applicable, Designated Manager and/or other required attendees do not satisfactorily complete the Initial Training Program and you fail to appoint a new Managing Owner or Designated Manager within 30 days that is capable of satisfactorily completing the initial training program;
- (4) you or your owners make or attempt to make any transfer in violation of Section 12;
- (5) you or any of your owners are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony, or engage in any criminal misconduct relevant to the operation of your STCM Business;
- (6) you fail to maintain the insurance we require and do not correct the failure within ten days after we deliver written notice of that failure to you;
- (7) you or any of your owners engage in any dishonest or unethical conduct which, in our opinion, adversely affects the STCM Franchise reputation or the goodwill associated with the Marks;
- (8) you or any of your owners knowingly make any unauthorized use or disclosure of any part of the Confidential Operations Manual or any other Confidential Information;
- (9) you violate any health, safety or sanitation law, ordinance or regulation, or operate the STCM Franchise in an unsafe manner and do not begin to cure the violation immediately and correct the violation within 24 hours after you receive notice from us or any other party;
- (10) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within 24 hours after we or any applicable government agency deliver notice to you of that violation or failure;
- (11) you fail to pay us, our affiliates, or any third party vendors any amounts due and do not correct the failure within ten days after we deliver written notice of that failure to you;
- (12) you fail to pay when due, any federal or state income, service, sales or other taxes due on the STCM Franchise operation, unless you are in good faith contesting your liability for these taxes;

(13) you or any of your owners: (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate occasions within any 12 consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(14) you or any of your owners make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the STCM Franchise is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you or the STCM Franchise is not vacated within 30 days following the order's entry;

(15) you or any of your owners' assets, property or interests are blocked under any law, ordinance or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance or regulation;

(16) you or any of your owners fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within ten days after we deliver written notice of the failure to you;

(17) there is a termination of any other franchise agreement or other agreement between you or your affiliates and us or any of our affiliates;

(18) you have three or more insufficient funds or returned checks in any one calendar year;

(19) you or any of your owners violate the in-term restrictive covenant contained in Section 15E of this Agreement; or

(20) you indicate in writing to us your intention to consummate any of the preceding actions.

14C. ASSUMPTION OF MANAGEMENT.

In addition to the rights described in Section 8F (regarding replacing the Designated Manager), and without waiver of any other rights or remedies we may have under this Agreement, in order to prevent any interruption of the STCM Franchise operations which would cause harm to the STCM Franchise, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual of our choosing ("Interim Manager") to take possession of the Vehicle(s) and any additional Equipment and to temporarily assume management of your STCM Franchise for so long as we deem appropriate ("Step-In Rights"): (i) if you fail to comply with any provision of this Agreement and do not cure the failure within the time period specified by this Agreement or us; (ii) if we determine in our sole judgment that the operation of your STCM Franchise is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate the STCM Franchise; (iv) if you abandon or fail to actively operate the STCM Franchise; (v) upon your or the Designated Manager's absence, termination, illness, death, incapacity, divorce or disability under Section 12E of this Agreement; (vi) if we deem you or your Designated Manager incapable of operating the STCM Franchise; or (vii) if this

Agreement is terminated and we are deciding whether to exercise our option to purchase the STCM Franchise under Section 15F of this Agreement.

If we exercise our Step-In Rights:

(1) You agree to pay us (in addition to all other payments and other amounts due to us or our affiliates) an amount equal to \$200 per day we or a third party manages your STCM Business, plus the Interim Manager's direct out-of-pocket costs and expenses;

(2) all monies from the operation of the Franchise during such period of operation by us shall be kept in a separate account, and the expenses of the STCM Franchise, including the fee paid to the Interim Manager, shall be charged to said account;

(3) you acknowledge that the Interim Manager 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 STCM Business incurs, or to any of your creditors for any supplies, products, or other assets or services your STCM Business purchases, while the Interim Manager manages it;

(4) we will have no liability to you for the activities of an Interim Manager and you agree to indemnify and hold harmless us, the Interim Manager, and any representative of ours who may act hereunder, from any and all acts which we may perform or omissions, as regards the interests of you or third parties; and

(5) you agree to pay all of our reasonable attorney fees and costs incurred as a consequence of our exercise of the Step-In Rights.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

15A. PAYMENT OF AMOUNTS OWED TO US.

You agree to pay us within 15 days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us (or our affiliates), the Royalty Fees, Brand Building Fund Contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

15B. DE-IDENTIFICATION.

When this Agreement expires or is terminated:

(1) You may not directly or indirectly at any time or in any manner (except with other STCM Franchises you own and operate) identify yourself or any business as a current or former STCM Franchise or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a STCM Franchise in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(2) you agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) you agree to deliver to us, at your expense, within 30 days all signs, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a STCM Franchise, and if you fail to do so in the required time period, you agree to allow us, without liability to you or third parties for trespass or any other claim, to remove any signs or other materials containing any Marks from the STCM Business;

(4) notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, facsimile or other numbers and telephone directory listings associated with any Mark; to authorize the transfer of these numbers and directory listings to us at our direction; and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to affect these events. You agree that, as between you and us, upon termination or expiration, we have the sole right and interest in the telephone numbers and listings, and you appoint us as your attorney-in-fact to direct the telephone company to assign the same to us and to sign any required documents on your behalf;

(5) deliver to us copies of the entire customer files for each customer, which includes referrals, credit card and bank information, and any other customer information, as allowed by law; and

(6) you agree to give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

15C. CONFIDENTIAL INFORMATION.

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise, and return to us all copies of the Confidential Operations Manual and any other confidential materials that we have loaned you, as well as any client data that you may have.

15D. CLIENTS.

If this Agreement is being terminated or expiring without renewal, we may contact clients of the STCM Franchise and offer such clients continued rights to use one or more STCM Franchises on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising or relating to those clients, or act or failure to act by you or the STCM Franchise.

15E. COVENANT NOT TO COMPETE.

Upon termination or expiration of this Agreement, you and your owners agree that for two years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, neither you nor any of your owners (or your or their spouses) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative or agent in any Competitive Business (as defined in Section 7 above) located or operating within a 50-mile radius of the STCM Franchise or any other STCM Franchise in operation or under development on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section begin to comply with this Section.

These restrictions also apply after transfers, as provided in Section 12C(12) above. However, this Section shall not prohibit ownership of less than five percent (5%) of a class of shares of issued and outstanding capital stock of any corporation whose stock is traded publicly on a recognized United States stock exchange. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two-year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly 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 this Section will not deprive you of your personal goodwill or ability to earn a living.

In the event a court of competent jurisdiction determines that the two-year post-term restricted period contained herein is too long to be enforceable, then the post-term restricted period shall be for a period of one year beginning on the effective date of termination, transfer or expiration of this Agreement.

15F. OUR RIGHT TO PURCHASE THE STCM FRANCHISE.

(1) Exercise of Option. Upon one of the following:

- (a) our termination or expiration of this Agreement according to its terms and conditions; or
- (b) your termination of this Agreement without cause;

We have the option, exercisable by giving you written notice within 30 days after the date of termination or expiration, to purchase the STCM Franchise. We have the unrestricted right to assign this option to purchase. If we purchase the STCM Franchise, we are entitled to all customary warranties and representations in our asset purchase, including, without limitation, 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.

(2) Purchase Price. The purchase price for the STCM Franchise will be its fair market value, provided the price will not include any value for:

- (a) the STCM Franchise or any rights granted by this Agreement;
- (b) goodwill attributable to our Marks, brand image, and other intellectual property; or
- (c) participation in the network of STCM Franchises.

We may exclude from the assets purchased, any Operating Assets, Equipment, and supplies that are not reasonably necessary (in function or quality) to the STCM Business operation or that we have not approved as meeting standards for STCM Businesses, and the purchase price will reflect these exclusions.

(3) Appraisal. If we and you cannot agree on "Fair Market Value," Fair Market Value will be determined by three independent appraisers, each of whom will conduct a separate appraisal and, in doing so, be bound by the criteria specified in subparagraph (2) above. We will appoint one appraiser, you will appoint one appraiser, and these two appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within 15 days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on Fair Market Value before

then), and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days after the last of them is appointed. You and we will bear the costs of our own appraisers and share equally the fees and expenses of the third appraiser. The appraisers must complete their appraisals within 30 days after the third appraiser's appointment. The purchase price will be the average of the three independent appraisals.

(4) Closing. We or our assignee will pay the purchase price at the closing, which will take place not later than 60 days after the purchase price is determined, although we or our assignee may decide after the purchase price is determined not to purchase the STCM Franchise. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us or our assignee:

- (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
- (b) all of the STCM Franchise licenses and permits which may be assigned or transferred; and
- (c) accounts receivable from Client Lists in computer readable format.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

15G. CONTINUING OBLIGATIONS.

All of our and your and your owners' obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

16A. INDEPENDENT CONTRACTORS.

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venture, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all public records, on letterhead, and in all dealings with clients, suppliers, public officials, STCM Franchise personnel, and others as the STCM Franchise owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising and other materials we require from time to time. You will not hold yourself out to be our agent, employer or partner. You acknowledge that we have no responsibility regarding the right to license and operate to ensure that the STCM Business is developed and operated in compliance with all applicable laws, ordinances and regulations.

16B. NO LIABILITY FOR ACTS OF OTHER PARTY.

We and you may not make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the STCM Franchise operation or the business you conduct under this Agreement.

16C. TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property or other taxes, whether levied upon you or the STCM Franchise, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

16D. INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the “Indemnified Parties”) against, and to reimburse any one or more Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the STCM Business’s operation, the business you conduct under this Agreement, your employment or other contractual relationship with your employees or independent contractors, any loss of data, including customer information, resulting from a breach of such data caused in whole or in part by you or your negligence, or your breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, “claims” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective, or other actions, and such actions will affect your obligation to indemnify under this Section.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim for indemnity under this Section 16D. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section 16D.

We may, but are not required to, indemnify you against, and reimburse you for: (1) all damages for which you are held liable in any judicial or administrative proceeding arising out your use of any Mark in compliance with this Agreement; and (2) the costs in defending any claim brought against you or in any proceeding in which you are named as a party arising out of your use of any Mark in compliance with this Agreement, provided you have timely notified us of the claim or proceeding, and have complied with this

Agreement. If we determine you have used the Mark in accordance with this Agreement, we will pay for such defense, including the cost of any judgment or settlement.

17. ENFORCEMENT.

17A. SECURITY INTEREST.

As security for the performance of your obligations under this Agreement, including payments owed to us for purchase by you, you grant us a security interest in all of the assets of the STCM Franchise, including, but not limited to, the Vehicle, Equipment, inventory, fixtures, furniture, accounts, supplies, contracts, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. If a third party lender requires that we subordinate our security interest in the assets of the STCM Franchise as a condition to lending you working capital for the operation of the STCM Franchise, we will agree to subordinate pursuant to terms and conditions determined by us.

17B. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement is severable, and, if for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, 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.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a Successor Franchise Agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule 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. 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.

17C. WAIVER OF OBLIGATIONS.

We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. 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 upon delivery of ten days' prior written notice.

We and you will not waive or impair any right, power or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other STCM Franchises; the existence of franchise agreements for other STCM Franchises which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (i) compliance with the orders, requests, regulations or recommendations of any federal, state or municipal government; (ii) acts of God; (iii) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (iv) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalty Fees or Brand Building Fund Contributions due afterward.

17D. COSTS AND ATTORNEY FEES.

You shall pay all costs and expenses (including reasonable fees of attorneys, accountants and other engaged professionals) incurred by us in successfully enforcing, issuing notices of default, or obtaining any remedy arising from the breach of, this Agreement. The existence of any claims, demands or actions which you may have against us, whether arising from this Agreement or otherwise, shall not constitute a defense to our enforcement of your, or any equitable owners if you are a legal entity, representations, warranties, covenants, agreements or obligations herein. Additionally, the prevailing party in any arbitration or litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorney fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

17E. RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

17F. MEDIATION.

Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation or termination thereof, except for any actions brought with respect to: (a) the Marks or Confidential Information; (b) issues concerning the alleged violations of federal or state antitrust laws; (c) securing injunctive relief or specific performance; or (d) the right to indemnification or the manner in which it is exercised, shall first be subject to non-binding mediation in the principal city closest to our principal place of business (currently Denver, Colorado.) Mediation shall not defer or suspend our exercise of any termination right under Sections 14 and 15.

The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought.

Non-binding mediation hereunder shall be conducted by one mediator designated by us in writing under the then-current Commercial Mediation Rules of the American Arbitration Association. We shall make the designation within a reasonable time after issuance of the request.

Non-binding mediation hereunder shall be concluded within 60 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing (“Mediation Termination Date”). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation and shall share equally in the cost of the mediator or mediation service.

17G. BINDING ARBITRATION.

Without limiting our rights and remedies under Sections 14 and 15, the parties hereto acknowledge and agree that any dispute or controversy arising out of or relating to this Agreement not settled by informal negotiations or mediation will, at the request of either party, be settled by final and binding arbitration conducted in the principal city closest to our principal place of business (currently Denver, Colorado), in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or its successor organization (the “AAA”) and otherwise as set forth below on an individual basis (not a class action). Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable.

Neither party may initiate arbitration prior to the Mediation Termination Date. Following the Mediation Termination Date, either party may initiate the arbitration proceeding by making a written demand to the other. Both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by Section 17M, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary. Arbitration will be conducted before a single arbitrator who is familiar with legal disputes of the type at issue and who has at least ten years’ experience as a lawyer or in the franchise business. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request the AAA or successor organization to appoint a qualified arbitrator. Within ten days after appointment of the arbitrator, the parties will meet with the arbitrator, in person or by telephone, for a preliminary conference. At the preliminary conference, the parties will establish the extent of and schedule for discovery, including the production of relevant documents, identification of witnesses, depositions, and the stipulation of uncontested facts. At this preliminary conference, the date for the hearing will be set. At the preliminary conference, the arbitrator will set forth the procedures to be followed at the hearing. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party’s position. At least five days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

The arbitrator will issue a written decision within ten days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Agreement, but will not have any authority to amend or modify the terms of this Agreement or to assess punitive damages or treble damages.

The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed upon time schedule. The arbitrator will use best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed upon time schedule, subject to the arbitrator's approval. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

The entire arbitration proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

No right or remedy conferred upon or reserved to either party 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 cumulative of every other right or remedy. You and we agree that the provisions of this Section 17F shall apply during the Term of this Agreement and following the termination, expiration or non-renewal of this Agreement.

17H. GOVERNING LAW.

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, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this agreement, the franchise, and all claims arising from the relationship between us and you will be governed by the laws of the state of our principal business address, which is currently the state of Colorado, without regard to its conflict of laws rules, except that any Colorado law (including the Colorado Consumer Protection Act), or the law of the state of our principal business address, regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

17I. CONSENT TO JURISDICTION.

Subject to Sections 17F and 17G above and the provisions below, we and you (and your owners) agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the state or federal court of general jurisdiction which is closest to where our principal office then is located (currently Denver, Colorado), and we and you (and each owner) irrevocably

consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, we and you (and your owners) agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you are domiciled or the STCM Franchise is located.

17J. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

Except for your obligation to indemnify us for third party claims under Section 16D, and except for punitive damages available to either party under federal law, 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.

We and you irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

17K. PROVISIONAL REMEDIES.

Nothing in this Agreement bars our right to obtain specific performance of this Agreement and injunctive relief from a court of competent jurisdiction and/or other provisional relief including but not limited to: (i) enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel you to comply with your obligations to us and/or to protect the Marks or Confidential Information; (ii) any claim or dispute involving or contesting the validity of any of the Marks or Confidential Information; (iii) alleged violations of federal or state antitrust laws; (iv) the right to indemnification or the manner in which it is exercised, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, and (iv) relief against actual or threatened conduct that has or will cause us, the Marks and/or the Confidential Information loss or damage. You agree we may obtain such specific performance, injunctive or provisional relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief. The parties expressly agree that the venue for such litigation shall be the state or federal courts located in the city closest to our principal place of business (currently Denver, Colorado), provided however that we may obtain such relief in any state or federal court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 17K, and the parties waive any objections that they would otherwise have in this regard.

17L. BINDING EFFECT.

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Confidential Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

17M. LIMITATIONS OF CLAIMS.

Except for claims arising from your nonpayment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one year from the date on which the party asserting

the claim knew or should have known of the facts giving rise to the claims; however, the parties agree that, in order to comply with this provision, either party may commence a judicial or arbitration proceeding before a related mediation proceeding is declared completed.

17N. CONSTRUCTION.

The preambles and attachments are a part of this Agreement which, together with the System Standards contained in the Confidential Operations Manual (which may be periodically modified, as provided in this Agreement), and the Franchise Disclosure Document constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or the STCM Franchise. Nothing in this or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated or completed actions that require our approval.

The headings of the sections and paragraphs are for convenience only and do not define, limit or construe the contents of these Sections or paragraphs.

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 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.

If two or more persons are at any time the owners of the STCM Franchise, whether as partners or a joint venture, their obligations and liabilities to us will be joint and several. References to “owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially or otherwise) or voting rights in you (or a transferee of this Agreement and the STCM Franchise or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, or the STCM Franchise, and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights or assets.

References to a “controlling ownership interest” in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a “controlling ownership interest” is involved must be made as of both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

“Person” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term “STCM Franchise” includes all of the assets of the STCM Franchise you operate under this Agreement, including its revenue.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

17O. 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 affect favorably or adversely 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.

18. NOTICES AND PAYMENTS.

All written notices, reports and payments permitted or required to be delivered by this Agreement or the Confidential Operations Manual will be deemed to be delivered:

- (1) at the time delivered by hand;
- (2) at the time delivered via computer transmission and, in the case of Royalty Fees, Brand Building Fund Contributions and other amounts due, at the time we actually receive payment;
- (3) one business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
- (4) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (5) Three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified on the first page of this Agreement, although we may change this address for notice by giving you notice of the new address. Any written notice that we send to you may be sent only to the Managing Owner, or, if applicable, the Designated Manager at the address specified on the signature page of this Agreement. You may change the person and/or address for notice only by giving us 30 days’ prior written notice by any of the means specified in subparagraphs (1) through (5) above of this Section.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

All payments by you will be applied in such order as we may designate from time to time. You agree that you may not designate an order for application of any fees different from that designated by us and expressly acknowledge and agree that we may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by us, which written agreement must be separate from the check or other document or medium constituting or transmitting payment.

19. COMPLIANCE WITH ANTI-TERRORISM LAWS.

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws shall constitute good cause for immediate termination of this Agreement, as provided in Section 14B above.

20. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by email is efficient and desirable for day-to-day communications and that we and you may utilize email for such communications. You authorize the transmission of email by us and our employees, vendors and affiliates ("Official Senders") to you during the Term of this Agreement.

You further agree that: (i) Official Senders are authorized to send emails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (ii) you will cause your officers, directors and employees to give their consent to Official Senders' transmission of emails to them; (iii) you will require such persons not to opt out or otherwise ask to no longer receive emails from Official Senders during the time that such person works for or is affiliated with you; and (iv) you will not opt out or otherwise ask to no longer receive emails from Official Senders during the Term of this Agreement.

The consent given in this Section 20 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 18 using email unless the parties otherwise agree in a written document manually signed by both parties.

(Signatures on following page)

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

SAMCO, LLC,
a Colorado limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

_____,
a(n) _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT "A"
TO THE SAMCO, LLC FRANCHISE AGREEMENT
FRANCHISE DATA SHEET

1. **Effective Date.** The Effective Date of the Agreement is: _____, 20__.
2. **Franchisee.** The Franchisee identified in the introductory paragraph of the Agreement is:

3. **Territory.** The Territory shall be as follows: _____

4. **Location.** The location of the STCM Business shall be as follows:

5. **Initial Franchise Fee:** \$ _____

6. **Notice Address.** Franchisee's address for notices as set forth in Section 18 of the Agreement shall be as follows:

Attn: _____

(Signatures on following page)

FRANCHISOR:

SAMCO, LLC,
a Colorado limited liability company

FRANCHISEE:

_____,
a(n) _____

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____



ATTACHMENT "B"
TO THE SAMCO, LLC FRANCHISE AGREEMENT
FORM OF OWNERSHIP

Franchisee: _____

Form of Ownership
(Check One)

Individual **Partnership** **Corporation** **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage Owned

Identification of Managing Owner. Your Managing Owner as of the Effective Date is _____
_____. You may not change the Managing Owner
without prior written approval.

Identification of Designated Manager. Your Designated Manager, if applicable, as of the Effective Date
is _____
_____. You may not change
the Designated Manager without prior written approval.

This form is current and complete as of _____, 20__.

FRANCHISEE:

a(n) _____

By: _____

Printed Name: _____

Title: _____

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

ATTACHMENT “C”

TO THE SAMCO, LLC FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by SAMCO, LLC (“we” or “us”), of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20__ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will 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 Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

SAMCO, LLC
67466912 South ~~Revere Parkway~~ Quentin Street, Suite ~~12510~~
Centennial, Colorado 80112

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for

Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or

default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

(Insert Name of Owner)

(Insert Name of Spouse)

(Insert Name of Owner)

(Insert Name of Spouse)

(Insert Name of Owner)

(Insert Name of Spouse)

(Insert Name of Owner)

(Insert Name of Spouse)

(Rev. 042418)

SAMCO, LLC hereby accepts the agreements of the Owner(s) hereunder.

SAMCO, LLC

By: _____

Title: _____

EXHIBIT D

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, SAMCO, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Sam the Concrete Man franchise. ~~You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement. This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and rules adopted thereunder.~~ Please review each of the following questions carefully and provide honest responses to each question. ~~If you answer “No” to Questions 1–12, please explain~~ Please circle your answer ~~in the table provided to each question and initial below.~~ below. ~~If you answer “Yes” to Questions 13–15, please explain your answer in the table provided below.~~ response.

1. ~~Yes~~ True ~~No~~ False ~~Have you~~ I have received ~~and personally reviewed~~ the Franchise Agreement and each attachment or exhibit attached to it that ~~wewas~~ was provided? by SAMCO LLC d/b/a Sam the Concrete Man.

2. ~~Yes~~ True ~~No~~ False ~~Have you~~ I have received ~~and personally reviewed~~ the Franchise Disclosure Document issued April 1, 2024 and each attachment or exhibit attached to it that ~~wewas~~ was provided? by SAMCO LLC d/b/a Sam the Concrete Man.

3. ~~Yes~~ ~~No~~ ~~Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?~~

4. ~~Yes~~ ~~No~~ ~~Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?~~

53. ~~Yes~~ True ~~No~~ False ~~Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?~~
The only individual(s) from SAMCO LLC d/b/a Sam the Concrete Man that I _____ spoke _____ to _____ concerning _____ the _____ franchise were: _____

64. ~~Yes~~ True ~~No~~ False ~~Have you~~ I had the opportunity to ~~discuss the benefits and risks of developing and operating~~ ask questions about SAMCO LLC d/b/a Sam the Concrete Man and the franchise offered as well as the information in the Franchise Disclosure Document that I received.

7. ~~Yes~~ ~~No~~ ~~Do you understand the risks of developing and operating a Sam the Concrete Man Franchise?~~

85. ~~Yes—True~~ ~~No—False~~ ~~Do you understand the success or failure of your that my dealings are with SAMCO LLC d/b/a Sam the Concrete Man Franchise will depend in large part upon your skills, abilities, and efforts, not with the officers, directors, employees and those of agents of SAMCO LLC d/b/a Sam the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor Concrete Man who act only in a representative capacity and supply costs, and other relevant factors? not in an individual capacity.~~
9. ~~Yes—~~ ~~No—~~ ~~Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Colorado, if not resolved informally or by mediation? (subject to state law)~~
106. ~~Yes—True~~ ~~No—False~~ ~~Do you understand that you must satisfactorily complete the initial training program before we will allow your SAMCO LLC d/b/a Sam the Concrete Man Franchise have the right to open grant franchises or consent to a transfer of the Sam the Concrete Man Franchise to you? operate competing businesses at any location whatsoever including a location near my franchise business.~~
11. ~~Yes—~~ ~~No—~~ ~~Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Sam the Concrete Man Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments or exhibits to the Franchise Agreement will not be binding?~~
12. ~~Yes—~~ ~~No—~~ ~~Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?~~
13. ~~Yes—~~ ~~No—~~ ~~Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Sam the Concrete Man Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?~~
14. ~~Yes—~~ ~~No—~~ ~~Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?~~
15. ~~Yes—~~ ~~No—~~ ~~Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Sam The Concrete Man Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?~~

~~YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL~~

EXHIBIT E

PROMISSORY NOTE

[_____]

Centennial, Colorado

FOR VALUE RECEIVED, the undersigned, [_____], individually (“Maker”), promises to pay to the order of SAMCO, LLC, a Colorado limited liability company (herein with its successors and/or assigns, “Payee”) at ~~67466912 South Revere Parkway~~Quentin Street, Suite ~~12510~~, Centennial, Colorado 80112, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of [_____] DOLLARS (\$_____.00), payable as follows:

1. Interest. The unpaid principal amount of this Promissory Note (“Note”) from time to time outstanding shall not bear interest if paid on time. Thereafter, the Note shall accrue interest at the maximum amount permissible under applicable law. If Maker fails to pay any installment or make any payment on this Note for ten (10) days after the same shall become due, whether by acceleration or otherwise, Payee may, at its option, impose a late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. If any payment or installment is not made within thirty (30) days after the same shall become due, Payee may, at its option, impose an additional late charge on the undersigned in an amount equal to five percent (5%) of such installment or payment. Such installment or payment shall be subject to an additional five percent (5%) late charge for each additional period of thirty (30) days thereafter that such installment or payment remains past due. The late charge shall apply individually to all installments and payments past due with no daily adjustment and shall be used to defray the costs of Payee incident to collecting such late installment or payment. This provision shall not be deemed to excuse a late installment or payment or be deemed a waiver of any other rights Payee may have, including, but not limited to, the right to declare the entire unpaid balance due under this Note immediately due and payable. In no event shall the rate of interest payable hereunder at any time exceed the highest rate of interest allowed under applicable usury laws.

2. Principal Payment. This Note shall be due and payable by electronic funds transfer on or before [_____].

3. Payment Application. Payments shall be applied first to expenses, costs, and attorney’s fees which are payable under this Note, secondly to interest, and finally to the reduction of principal; provided, such payments may at the option of Payee or other holder hereof, be applied to the payment of delinquent taxes, installments of special assessments, insurance premiums and/or other legal charges.

4. Events of Default. An “Event of Default” shall be deemed to have occurred in the event that: (a) any installment of principal or interest due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the “Franchise Agreement(s)”), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any material respect; or (d) Maker becomes subject to any bankruptcy, insolvency or debtor relief proceedings; or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantors of the Franchise Agreement(s) revokes or renounces

his or her guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

5. **Default and Remedies.** Upon the occurrence of an Event of Default as defined herein or at any time thereafter, the entire principal and accrued interest of this Note shall become immediately due and payable, without further notice to Maker, at the option of Payee or other holder hereof. To the extent permitted by applicable law, all benefits, rights and remedies hereunder shall be deemed cumulative and not exclusive of any other benefit, right or remedy herein. The failure of Payee or other holder hereof to exercise any right or remedy hereunder shall not be deemed to be a release or waiver of any obligation or liability of the Maker.

6. **Obligations Absolute.** All obligations of Maker hereunder are absolute and unconditional, irrespective of any offset or counterclaim of Maker against Payee or other holder hereof. Maker hereby waives the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce the obligations of Maker under this Note.

7. **Waivers.** Maker and any co-makers, sureties, endorsers and guarantors of this Note hereby jointly and severally waive presentment for payment, notices of non-performance or nonpayment, protest, notice of protest, notice of dishonor, diligence in bringing suit hereon against any party hereto and notice of acceleration, and further consent to any extension of time for payment hereunder (whether one or more), any renewal hereof (whether one or more), and any addition or release of any party liable for payment of this Note. Any such extension, renewal, substitution or release may be made without notice to any such party and without discharging such party's liability hereunder. Payee reserves the right, in its sole and exclusive discretion, to waive the requirement in Section 2 above that all payments hereunder be due by electronic funds transfer.

8. **Collection Costs; Attorney's Fees.** Maker agrees to pay all expenses and costs of collection, including all reasonable attorney's fees and expenses, court costs, costs of sale and costs of maintenance and repair and similar costs incurred by Payee in connection with the enforcement of this Note, and the collection of any amounts payable hereunder, whether by acceleration or otherwise.

9. **Prepayment.** Maker may prepay this Note, in whole or in part, at any time without premium or penalty.

10. **Severability.** If any term or provision of this Note or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforced to the fullest extent permitted by law.

11. **Limitation on Interest.** All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for

such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee.

12. **Notice.** All notices pursuant to this Agreement shall be in writing and delivered by certified or registered mail, by reputable commercial delivery service, or by telecopy (with a confirmation copy mailed, postage prepaid). Until changed by written notice to the other party, notices to each party must be addressed as follows:

Notices to Payee: SAMCO, LLC
67466912 South ~~Revere Parkway~~ Quentin Street, Suite ~~12510~~
Centennial, Colorado 80112

Notices to Maker: []
[]
[]

13. **Jurisdiction and Venue.** It is hereby agreed that any and all claims, disputes or controversies whatsoever arising from or in connection with this Note, shall be commenced, filed and litigated, if at all, in the judicial district in which Centennial, Colorado is located, unless the conduct of such litigation is not within the subject matter jurisdiction of the court of such district. The parties waive all questions of personal jurisdiction, convenience of forum and venue for purposes of carrying out this provision.

14. **Jury Trial Waiver.**

MAKER AND PAYEE IRREVOCABLY WAIVE TRIAL BY JURY, REGARDLESS OF THE FORUM, IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ARISING FROM, WHETHER DIRECTLY OR INDIRECTLY, THIS NOTE.

15. **Governing Law.** In order to effect uniform interpretation of this Note, this Note and all disputes or controversies arising or related hereto shall be interpreted and construed under the laws of the State of Colorado. In the event of any conflict of law question, the law of Colorado shall prevail, without regard to the application of Colorado conflict of law rules.

16. **Amount Owed.** The records of Payee or other holder of this Note shall be prima facie evidence of the amount owing on this Note.

IN WITNESS WHEREOF, Maker has made, executed and delivered this Note effective as of the date first above written.

MAKER:

_____, individually

EXHIBIT F

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, ~~2022~~2023:

ALABAMA

Edward Elliot
200 Office Park Dr., Ste. 205
Birmingham, AL 35223
205-386-1619

Nick Ludvigsen
11430 Alabaster Drive
Daphne, AL 36526
251-517-0995

ARIZONA

Rod Journey
5521 West Walatowa Street
Laveen, AZ 85339
602-365-0697
(Glendale)

Kevin Baillie
1125 West Myrtle Avenue
Phoenix, AZ 85021
602-773-1313

Torreon Evans
9410 South 47th Place
Phoenix, AZ 85044
480-704-4552

ARKANSAS

Brent Elliot
2609 S. Gaines St., Unit B
Little Rock, AR 72206
201-542-4001

COLORADO

Jason Daley
1009 West Mulberry Street
Fort Collins, CO 80521
720-694-8764

Jeremy Lane
11352 Ponderosa Lane
Franktown, CO 80116
832-229-5053

Wade Bratten
668 Deer Meadow Dr.
Loveland, CO 80537
970-230-7200

Shannon Adams
4502 Bilboa Dr.
Austin, TX 78759
719-22-8955
(Territory in CO)

DELAWARE

Mike McCarthy
29770 Lewis Road
Millsboro, DE 19966
302-486-3382

FLORIDA

Jamie Damm
17452 NW 175th Ave.
Alachua, FL 32615
352-283-8781

~~James Glover and Kyle Kauffman~~
~~3209 58th St. South, Apt. 234~~
~~Gulfport, FL 33707~~
~~727-790-5464~~

Mike Garcia
12805 Hickory Road
North Miami, FL 33181
305-443-3123
(Miami)

Curt White
789 Pickfair Terrace
Lake Mary, FL 32746
407-574-5593

(Orlando North)

FLORIDA - CONT'D

David Plaxico
25879 Argonne Drive
Pensacola, FL 36526
850-303-0005

Juan Ribero
4612 Castleton Drive
Sunrise, FL 32208
904-371-4488

Juan Ribero
4612 Castleton Drive
Sunrise, FL 32208
904-371-4488
(Boynton Beach)

GEORGIA

Mike Bright
725 Mountain Laurel Dr.
Canton, GA 30114
678-648-3214

Mike Bright
725 Mountain Laurel Dr.
Canton, GA 30114
678-648-3214

Stewart Carswell
210 South Grant St.
Fitzgerald, GA 31750
229-514-4814

GEORGIA (CONT'D)

Shane Sieracki
2260 Kate Moore Way
Buford, GA 30518
678-528-9699
(Buford)

Shane Sieracki
2260 Kate Moore Way
Buford, GA 30518
678-528-9699

(Northeast Atlanta)

Craig Brower
248 Shearouse Road
Guyton, GA 30114
912-452-9300

~~Rebecca Phillips and Michele O'Brien~~
~~1037 Avery Creek Drive~~
~~Woodstock, GA 30188~~
~~404-474-8481~~

IDAHO

Brian Atkinson
3046 South Honeycomb ~~way~~Way
Boise, ID 83716
208-241-6896

Brian Atkinson
3046 South Honeycomb Way
Boise, ID 83716
208-241-6896
(Salt Lake City, UT)

IOWA

~~David Wood~~
~~737 35th St SW~~
~~Altoona, IA 50009~~
~~515-516-3076~~

ILLINOIS

Gary Jaslovsky
260 Village Lane
Barlett, IL 60103
630-444-7566

Elijah Daley
4524 Wilderness Lane
Highland, IL 62249
314-256-9544

Tobi Phillips
253 Gladiolus Drive
Romeoville, IL 60446
708-323-7114
(Naperville)

INDIANA

John Sayre

77 E. 70th St.
Indianapolis, IN 46220
317-209-4166

Desmond Booker
7704 Evanwood Court
Fort Wayne, IN 46816
260-564-2181

~~Ryan Thomas~~
~~2041 Teehy Road~~
~~Northbrook, IL 60062~~
~~224-500-6694~~
(South Northbrook)

INDIANA

~~John Sayre~~
~~77 E. 70th St.~~
~~Indianapolis, IN 46220~~
~~317-209-4166~~

KENTUCKY

Justin Sewell and Joe Cox
2911 Homewood Place
Louisville, KY 40241
502-242-6203

KENTUCKY - CONT'D

Justin Sewell and Joe Cox
2911 Homewood Place
Louisville, KY 40241
502-242-6203

LOUISIANA

Ben Vogt
12525 N. Oak Hills Pkwy.
Baton Rouge, LA 70810
225-320-4451

Freddy Dietz
6509 9th Street
Harahan, LA 70123
504-800-6325

MARYLAND

Jesse Sanders
7501 Bradley Boulevard
Bethesda, MD 20817
202-716-2188
(Bethesda)

MICHIGAN

Nick Poirier
1343 Buckhorn Street
St. Joseph, MI 49085
616-928-1021

MICHIGAN

~~Lonnie Fairfax~~
~~2962 Cooks Meadow Dr. NE~~
~~Grand Rapids, MI 49525~~
~~616-928-1021~~

MISSOURI

Nick Maassen
6320 Brookside Plaza, Ste. 189
Kansas City, MO 64113
913-215-9585
(Kansas City East)

Nick Maassen
6320 Brookside Plaza, Ste. 189
Kansas City, MO 64113
913-215-9585
(Kansas City West)

Elijah Daley
4524 Wilderness Lane
Highland, IL 62249
314-256-9544
(St. Louis, MO)

NEBRASKA

Kevin King
1405 North 46th Plaza
Omaha, NE 68154
402-265-0044

NORTH CAROLINA

~~Tony Davis
1210 Saint Regis Dr., #3
Burlington, NC 27217
336-493-4449~~

Jordon Troxel
185 Packhouse Court
Angier, NC 27501
919-32-9033
(Raleigh North)

Jordon Troxel
185 Packhouse Court
Angier, NC 27501
919-32-9033
(Raleigh South)

Tony Davis
1210 Saint Regis Dr., #3
Burlington, NC 27217
336-493-4449

Angel Hurado
3699 Raeburn Court
Fayetteville, NC 28314
479-719-2780

Jimmy Stowers
301 West Avondale Drive
Greensboro, NC 27403
365-510-4634

Allan Rodriguez
3063 Twin Lakes Drive
Weddington, NC 28104
704-322-3010

NEW JERSEY

~~Frank Barker
8 Goldfinch Run
Kinnelon, NJ 07405
201-690-9020~~

~~Frank Barker
8 Goldfinch Run
Kinnelon, NJ 07405
201-690-9020~~

OHIO

Chavis Kerby
7672 Montgomery Road
Cincinnati, OH 45236
303-948-0140

Gabe Simpson
3000 E. Main St., #69
Columbus, OH 43209
614-283-9804

Jacob Godec
270 East 328th Street
Willowick, OH 44095
440-261-5758

Jacob Godec
270 East 328th Street
Willowick, OH 44095
440-261-5758

OKLAHOMA

Scott Condict
2924 Dudley Drive
Edmond, OK 73012
[405-431-1270](tel:405-431-1270)
(North)

Glenn Krispense
14003 E. 87th Pl. N
Owasso, OK 74055
918-540-9299

OREGON

~~Yasmine Branden
2821 NE 10th Avenue~~

~~Portland, OR 97212
509-701-5871
(North)~~

PENNSYLVANIA

[Rich Pennisi](#)
[1023 Grant Avenue](#)
[Collingswood, NJ 08107](#)
[609-970-8014](#)
[\(Territory in Bucks, PA\)](#)

[Rich Pennisi](#)
[1023 Grant Avenue](#)
[Collingswood, NJ 08107](#)
[609-970-8014](#)
[\(Territory in Montgomery, PA\)](#)

Robert Gervasio
73 Nelson Drive
Carlisle, PA 17015
717-718-5266

Todd Raible
911 Crimson Court
Cranberry Township, PA 16066
412-209-1224
(Pittsburg North)

Todd Raible
911 Crimson Court
Cranberry Township, PA 16066
412-209-1224
(Pittsburg South)

Patrick Sullivan
830 East Phillip Drive
Phoenixville, PA 19460
610-587-2070

SOUTH CAROLINA

Shane Shields
3201 Moonlight Drive
Charleston, SC 29414
843-476-4757

SOUTH CAROLINA (CONT'D)



Matt Healy
328 Mellow Way
Greer, SC 29651
864-990-4933
(North)

Dwayne Greene
540 Corley Manor Court
Lexington, SC 29072
803-282-9553

Dwayne Greene
540 Corley Manor Court
Lexington, SC 29072
803-282-9553
(Augusta)

Brian Novotny
4824 Keel Court
Myrtle Beach, SC 29579
843-625-3566

TENNESSEE

Alex Mayorov
9417 Lillian Lane
Brentwood, TN 37027
615-247-5695

TENNESSEE

~~Austin Jackson~~
~~5729 Cedar Ash Crossing~~
~~Antioch, TN 37013~~
~~615-663-1078~~

Aaron Campbell
99 Raven Crest Trail
Graysville, TN 37338
423-285-6717

TEXAS

John De Los Santos
545 Whitetail Dr.
Adkins, TX 78101
210-295-5587
(East San Antonio)

~~John De Los Santos~~
~~545 Whitetail Dr.~~
~~Adkins, TX 78101~~

~~210-295-5587~~

Ryan Leonard
305 Hensley Drive
Austin, TX 78738
512-853-9797
(Central Austin)

TEXAS (CONT'D)

~~Ryan Leonard~~
~~305 Hensley Drive~~
~~Austin, TX 78738~~
~~512-853-9798~~
~~(South Austin)~~

Brandon Davis
3248 Bell Point Drive
El Paso, TX 79938
915-540-0826

Jeff Devers
14830 Foxbriar Lane
Frisco, TX 75035
214-295-5587

Salman Siddiqui
6899 Waverly Lane
Frisco, TX 75035
972-782-9006
(Garland)

~~Salman Siddiqui~~
~~6899 Waverly Lane~~
~~Frisco, TX 75035~~
~~972-782-9006~~
~~(Plano)~~

James Demoney
4130 August Light Court
Fulshear, TX 77441
346-703-4340

~~Barry Thweatt~~
~~812 2nd Street~~

~~Jarrell~~Todd Skrocki
16848 West Lake Houston
Humble, TX 7653777346
~~737-238-2925~~

865-896-9116

Robert Hervey
2002 Terrace Green Court
Katy, TX 77494
713-623-1889

Jon Helander
3618 South Brome Street
Spring, TX 77386
281-705-3288

TEXAS (CONT'D)

Sean Manuel
266 Odell Road
Springtown, TX 76082
817-230-4512
(South)

UTAH

Dave McDonough
2804 Dearborn Street
Salt Lake City, UT 84106
385-298-2007

Burt Romney
799 W. 900 E.
Springville, UT 844663
801-337-4118

VIRGINIA

Salem Alnahdi
11103 Gainsborough Ct., #08
Fairfax, VA 22030
571-413-9999

Ahmad Khreshi
9229 Eljames Drive
Fairfax, VA 22032

703-244-3008

WASHINGTON

Terry Boyle
2169 North Wilmington Street
Liberty Lake, WA 99019
509-340-1904

WISCONSIN

Tim Bender
350 Round Avenue
New Richmond, WI 54017
651-691-4332

Franchisees with Unopened Outlets as of December 31, ~~2022~~2023:

ARIZONA

Kevin Baillie
1125 West Myrtle Avenue
Phoenix, AZ 85021
602-773-1313

Rod Journey
5521 West Walatowa Street
Laveen, AZ 85339
602-365-0697
(Phoenix)

CALIFORNIA

Carlos Ramos
687 East Boxwood Lane
Azusa, CA 91702
626-381-9841

FLORIDA

FLORIDA
Curt White
789 Pickfair Terrace
Lake Mary, FL 32746
407-574-5593
(Orlando West)

Mike Garcia
12805 Hickory Road
North Miami, FL 33181
305-443-3123
(North Miami)

ILLINOIS

~~Ryan Thomas~~
~~2041 Techy Road~~
~~Northbrook, IL 60062~~
~~224-500-6694~~
(North Northbrook)

~~Tobi Phillips~~
~~253 Gladiolus Drive~~
~~Romeoville, IL 60446~~
~~708-323-7114~~
(Naperville)

Tobi Phillips
253 Gladiolus Drive
Romeoville, IL 60446
708-323-7114
(Romeoville)

LOUISIANA

Ben Vogt
12525 N. Oak Hills Pkwy.
Baton Rouge, LA 70810
225-320-4451
(North Shore)

MARYLAND

MARYLAND

~~Jesse Sanders~~
~~7501 Bradley Boulevard~~
~~Bethesda, MD 20817~~
~~202-716-2188~~
(Bethesda)

Jesse Sanders
7501 Bradley Boulevard
Bethesda, MD 20817
202-716-2188
(Montgomery)

NEBRASKA

Kevin King
1405 North 46th Plaza
Omaha, NE 68154
402-265-0044

NEW JERSEY

Rich Pennisi
1023 Grant Avenue
Collingswood, NJ 08107
609-970-8014
(Montgomery)

John Lees
7 River Road C
Nutley, NJ 07110
201-690-9020

NORTH CAROLINA

Allan Rodriguez
3063 Twin Lakes Drive
Weddington, NC 28104
704-322-3010

OKLAHOMA

Scott Condict
2924 Dudley Drive
Edmond, OK 73012
405-431-1270
(South)

SOUTH CAROLINA

Matt Healy
328 Mellow Way
Greer, SC 29651
864-990-4933
(South)

TEXAS

John De Los Santos
545 Whitetail Dr.
Adkins, TX 78101
210-295-5587
(West San Antonio)

Ryan Leonard
305 Hensley Drive
Austin, TX 78738
512-853-9798
(South Austin)

Salman Siddiqui

6899 Waverly Lane
Frisco, TX 75035
972-782-9006
(Plano)

Jerry Dee
2223 Green Kale Drive
Richmond, TX 77406
218-961-6452

Jose Ochoa
7510 Windsong Bend
Spring, TX 77379
713-623-1889

Sean Manuel
266 Odell Road
Springtown, TX 76082
817-230-4512
(North)

VIRGINIA

Ahmad Khreshi
9229 Eljames Drive
Fairfax, VA 22032
703-244-3008

Sam Morrisett
636 Ryder Cup Lane
Virginia Beach, VA 22032
9229 Eljames Drive
Fairfax, VA 22032
703-244-3008

757-356-5753

WASHINGTON

Randle Kuhn
3609 Landau Ave. NE
Olympia, WA 98506
360-306-5618

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Former Franchisees:

The name and last known address of every franchisee who had a Sam the Concrete Man Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, ~~2022~~2023 to December 31, ~~2022~~2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

IOWA

David Wood
737 35th Street
Altoona, IA 50009
515-516-3076

FLORIDA

James Glover and Kyle Kauffman
3209 58th St. South, Apt. 234
Gulfport, FL 33707
727-790-5464

ARKANSAS

Dean Hudgeons*
202 Cascade Circle
Cave Springs, AR 72718
918-629-2358

ARIZONA

Joe Marquez*
710 W. Rio Salada Pkwy., Apt. 4023
Tempe, AZ 85281
480-313-2002

FLORIDA

Jeremy Rodecap
2831 North Peninsula Drive
Daytona Beach, FL 32118
386-224-6568

Thomas Joiner*
9027 Eagles Ridge Drive
Tallahassee, FL 32312
850-759-0616

GEORGIA

Rebecca Phillips and Michele O'Brien
1037 Avery Creek Drive
Woodstock, GA 30188
404-474-8481

ILLINOIS

Ryan Thomas
2041 Techy Road
Northbrook, IL 60062
224-500-6694
(North Northbrook)

Ryan Thomas
2041 Techy Road
Northbrook, IL 60062
224-500-6694
(South Northbrook)

MICHIGAN

Lonnie Fairfax
2962 Cooks Meadow Dr. NE
Grand Rapids, MI 49525
616-928-1021

NEW JERSEY

Frank Barker
8 Goldfinch Run
Kinnelon, NJ 07405
201-690-9020

Frank Barker
8 Goldfinch Run
Kinnelon, NJ 07405
201-690-9020

OREGON

Yasmine Branden
2821 NE 10th Avenue

Portland, OR 97212
509-701-5871
(North)

Yasmine Branden*
2821 NE 10th Avenue
Portland, OR 97212
509-701-5871
(South)

TENNESSEE

Austin Jackson
5729 Cedar Ash Crossing
Antioch, TN 37013
615-663-1078

Craig Bower*
248 Shearouse Road
Guyton, GA 30114
912-452-9300

TEXAS

Ray Lava*
448 Westview Terrace
ArlingtonJames Demoney*

4130 August Light Court
Fulshear, TX 7601377441
346-703-4340

TEXAS CONT'D

Barry Thweatt
812 2nd Street
Jarrell, TX 765370
737-238-2925

682-250-8039

WISCONSIN

Tim Spilchen*
3336 CR S
Little Suamico, WI 54141
920-550-4220

NOTE: If you buy a STCM Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

*These franchisees initially signed an agreement however their agreement was terminated prior to them ever opening their outlet for business.

EXHIBIT G

**STATE ADDENDA
AND AGREEMENT RIDERS**

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR SAMCO, LLC

The following modifications are made to the SAMCO, LLC (“Franchisor,” “us,” “we,” or “our”) Franchise Disclosure Document (“FDD”) given to franchisee (“Franchisee,” “you,” or “your”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“Franchise Agreement”). When the term “Franchisor’s Choice of Law State” is used, it means Colorado. When the term “Supplemental Agreements” is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum (“State Addendum”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

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

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

The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor’s Choice of Law State, which is

currently the state of Colorado. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed 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.

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

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:
None
3. States which have revoked or suspended the right to offer the Franchises are:
None
4. States in which the proposed registration of these Franchises has been withdrawn are:
None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

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

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 5, Initial Fees, of the FDD and Section 3A of the Franchise Agreement are revised to include the following:

We will defer the payment of the Initial Franchisee Fee owed to us, or our affiliate, by you until such time as all initial obligations owed to you under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General’s Office imposed this deferral requirement due to our financial condition.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 8 of the FDD is amended to add the following:



Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

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

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise, Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to SAMCO, LLC, ~~67466912~~ South ~~Revere Parkway~~~~Quentin Street~~, Suite ~~12510~~, Centennial, Colorado 80112, or send a fax to SAMCO, LLC at (720) 306-2496 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

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

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.).

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 and the outlet is opened.

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection 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 you do not receive at least six months' advance notice of our intent not to renew the Franchise.

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

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 3D of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
10. Minnesota Rule 2860.4400(J) prohibits a franchisor from requiring a franchisee to consent to the franchisor obtaining injunctive relief. As a result, the FDD and the Franchise Agreement, which require you to consent to injunctive relief, are hereby deleted from the Franchise Agreement to the extent required by Minnesota law. Also, a court will determine if a bond is required.
11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE

FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

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

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

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

Item 5, Initial Fees, of the FDD and Section 3A of the Franchise Agreement are revised to include the following:

We will defer the payment of the Initial Franchisee Fee owed to us, or our affiliate, by you until such time as all initial obligations owed to you under the Franchise Agreement have been fulfilled by us and you have commenced doing business pursuant to the Franchise Agreement. The North Dakota Securities Department imposed this deferral requirement due to our financial condition.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to SAMCO, LLC, [67466912](tel:67466912) South ~~Revere Parkway~~ [Quentin Street](http://www.samco.com), Suite ~~12510~~, Centennial, Colorado 80112, or send a fax to SAMCO, LLC at (720) 306-2496 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

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

SOUTH DAKOTA

Intentionally left blank.



VIRGINIA

Item 17(h). The following is added to Item 17(h):

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

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for SAMCO, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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.

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

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. All the following provisions will modify the Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements as amended accordingly.

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.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

RCW 49.62.060 prohibits a franchisor from restricting, retraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor (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.

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

Section C(3) of NASAA Statement of Policy states that no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The State of Washington, Department of Financial Institutions, Securities Division requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and the franchisee if open for business.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | | | | |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii | <input type="checkbox"/> | Minnesota | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois | <input type="checkbox"/> | New York | <input type="checkbox"/> | Virginia |
| <input type="checkbox"/> | Iowa | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington |
| <input type="checkbox"/> | Indiana | <input type="checkbox"/> | Ohio | <input type="checkbox"/> | Wisconsin |
| <input type="checkbox"/> | Maryland | | | | |

Dated: _____, 20__

FRANCHISOR:

SAMCO, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT H

CONTRACTS FOR USE WITH THE SAM THE CONCRETE MAN FRANCHISE

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Sam the Concrete Man Business. The following are the forms of contracts that SAMCO, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT H-1

SAM THE CONCRETE MAN FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of SAMCO, LLC, a Colorado limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Sam the Concrete Man business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

WHEREAS, as a condition to Franchisor's consent to [transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the

franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Colorado.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

EXHIBIT H-2

SAM THE CONCRETE MAN FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of SAMCO, LLC, a Colorado limited liability company, and its successors and assigns (“us,” “we,” or “our”), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Sam The Concrete Man business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Sam the Concrete Man business or the solicitation or offer of a Sam the Concrete Man franchise, whether now in existence or created in the future.

“*Franchisee*” means the Sam the Concrete Man franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Sam the Concrete Man business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Sam the Concrete Man business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sam the Concrete Man business, including “SAM THE CONCRETE MAN,” and any other trademarks, service marks, or trade names that we designate for use by a Sam the Concrete Man business. The term “Marks” also includes any distinctive trade dress used to identify a Sam the Concrete Man business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); and/or (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees).

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s Sam the Concrete Man business; provided, however, that if a court of competent jurisdiction

determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one-year period after you cease to be a manager or officer of Franchisee’s Sam the Concrete Man business.

“*Restricted Territory*” means the geographic area within: (i) a 50-mile radius from Franchisee’s Sam The Concrete Man business (and including the premises of the approved location of Franchisee); and (ii) a 50-mile radius from all other Sam The Concrete Man businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 25-mile radius from Franchisee’s Sam The Concrete Man business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a Sam the Concrete Man business, including Know-how, proprietary programs and products, Manual, and operating system.

2. **Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Sam The Concrete Man business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Sam The Concrete Man business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. **Unfair Competition during Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Sam the Concrete Man business by engaging in any Prohibited Activities.

5. **Unfair Competition after Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. **Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited

Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Sam the Concrete Man franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. **Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Colorado, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signatures on following page)

EXECUTED on the date stated below.

Date _____

Signature _____

Typed or Printed Name _____

EXHIBIT H-3

SAM THE CONCRETE MAN FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of SAMCO, LLC, a Colorado limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Sam the Concrete Man franchisees to use, sell, or display in connection with the marketing and/or operation of a Sam the Concrete Man Business, whether now in existence or created in the future.

“*Franchisee*” means the Sam the Concrete Man franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Sam the Concrete Man Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Sam the Concrete Man Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Sam the Concrete Man Business, including “SAM THE CONCRETE MAN” and any other trademarks, service marks, or trade names that we designate for use by a Sam the Concrete Man Business. The term “Marks” also includes any distinctive trade dress used to identify a Sam the Concrete Man Business, whether now in existence or hereafter created.

“*Sam The Concrete Man Business*” means a business that installs and replaces ~~rigid pavement~~, concrete and similar surfaces and other related products and services using our Intellectual Property.

“*System*” means our system for the establishment, development, operation, and management of a Sam the Concrete Man Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the

Sam The Concrete Man Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of SAMCO, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Sam the Concrete Man franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of SAMCO, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Colorado, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

EXHIBIT H-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

Franchisee hereby authorizes SAMCO, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Printed Name: _____
Its: _____

Federal Tax ID Number: _____

Rev. 032916

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.



EXHIBIT H-5

SAM THE CONCRETE MAN FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("Agreement") is entered into this ____ day of _____, 20____, between SAMCO, LLC ("Franchisor"), a Colorado limited liability company, _____ ("Former Franchisee"), the undersigned owners of Former Franchisee ("Owners") and _____, a [State] [corporation/limited liability company] ("New Franchisee").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ ("Former Franchise Agreement"), in which Franchisor granted Former Franchisee the right to operate a Sam the Concrete Man franchise located at _____ ("Franchised Business"); and

WHEREAS, Former Franchisee desires to assign ("Requested Assignment") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("New Franchise Agreement"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("Franchisor's Assignment Fee").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this

Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Sam the Concrete Man franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. 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 constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

SAMCO, LLC

By: _____
Printed Name: _____
Title: _____

FORMER FRANCHISEE:

By: _____
Printed Name: _____
Title: _____

NEW FRANCHISEE:

By: _____
Printed Name: _____
Title: _____

Rev. 082418

EXHIBIT H-6

SAM THE CONCRETE MAN FRANCHISE

SBA FORM 2462 ADDENDUM TO FRANCHISE AGREEMENT



ADDENDUM TO FRANCHISE

AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between SAMCO, LLC ("Franchisor "), located at 5650 Greenwood Plaza Blvd., Suite 138, Greenwood Village, CO 80111, and _____ ("Franchisee "), located at _____.

Franchisor _____ and Franchisee _____ entered into a Franchise _____ Agreement on _____, 20____, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee _____ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise _____ Agreement or any other document Franchisor _____ requires Franchisee _____ to sign:

CHANGE OF OWNERSHIP

- If Franchisee _____ is proposing to transfer a partial interest in Franchisee _____ and Franchisor _____ has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor _____ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee _____. If the Franchisor _____'s consent is required for any transfer (full or partial), Franchisor _____ will not unreasonably withhold such consent. In the event of an approved transfer of the franchise _____ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee _____.

FORCED SALE OF ASSETS

- If Franchisor _____ has the option to purchase the business personal assets upon default or termination of the Franchise _____ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee _____ owns the real estate where the franchise _____ location is operating, Franchisee _____ will not be required to sell the real estate upon default or termination, but Franchisee _____ may be required to lease the real estate for the remainder of the franchise _____ term (excluding additional renewals) for fair market value.

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).



COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of SAMCO, LLC :

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE :

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.



EFFECTIVE DATES

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

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

State	Effective Date
California	April 21, 2023
Illinois	April 24, 2023
Indiana	April 21, 2023
Maryland	September 8, 2023
Michigan	May 20, 2023
Minnesota	July 25, 2023
New York	September 22, 2023
North Dakota	May 19, 2023
Rhode Island	June 1, 2023
South Dakota	June 19, 2023
Virginia	June 27, 2023
Washington	June 23, 2023
Wisconsin	April 3, 2023

In all other states, the effective date of this Franchise Disclosure Document is the Issuance Date of April 1, ~~2024~~2023.

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SAMCO, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, SAMCO, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires SAMCO, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. SAMCO, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

If SAMCO, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Todd Stewart, 67466912 South Revere Parkway <u>Quentin Street</u> , Suite 12510 , Centennial, Colorado 80112; (303) 948-0140
Ronnie Musick, 1961 Val Verde Road, McGregor, Texas 76657; (254) 733-1065
Lewis Burch, 345 Christopher Drive, Eddy, TX 76524; (254) 855-9777
Ronnie Musick, 1961 Val Verde Road, McGregor, Texas 76657; (254) 733-1065
Lewis Burch, 345 Christopher Drive, Eddy, TX 76524; (254) 855-9777

~~Issuance Date: April 1, 2023~~

Issuance Date: April 1, 2024

I received a disclosure document issued April 1, ~~2024~~2023 which included the following exhibits:

- ~~Exhibit A~~ ~~List of State Administrators/Agents for Service of Process~~
- ~~Exhibit B~~ ~~Financial Statements~~
- ~~Exhibit C~~ ~~Franchise Agreement~~
- ~~Exhibit D~~ ~~Franchise Disclosure Questionnaire~~
- ~~Exhibit E~~ ~~Confidential Operations Manual Table of Contents~~
- ~~Exhibit F~~ ~~List of Current and Former Franchisees~~
- ~~Exhibit G~~ ~~State Addenda and Agreement Riders~~
- ~~Exhibit H~~ ~~Contracts for use with the STCM Franchise~~

- Exhibit A List of State Administrators/Agents for Service of Process
- Exhibit B Financial Statements

**RECEIPT
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SAMCO, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, SAMCO, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires SAMCO, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. SAMCO, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

If SAMCO, 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 law 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 on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Todd Stewart, 67466912 South Revere Parkway <u>Quentin Street</u> , Suite 12510 , Centennial, Colorado 80112; (303) 948-0140
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Issuance Date: April 1, 2024 1,
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- ~~Exhibit F~~ ~~List of Current and Former Franchisees~~
- ~~Exhibit G~~ ~~State Addenda and Agreement Riders~~
- ~~Exhibit H~~ ~~Contracts for use with the STCM Franchise~~

- Exhibit A List of State Administrators/Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Franchise Disclosure Questionnaire

Exhibit E Promissory Note
Exhibit F List of Current and Former Franchisees
Exhibit G State Addenda and Agreement Riders
Exhibit H Contracts for use with the STCM Franchise

Date Signature Printed Name

Date Signature Printed Name

**Please sign this copy of the receipt, date your signature, and return it to SAMCO, LLC, 67466912
South ~~Revere Parkway~~Quentin Street, Suite 42510, Centennial, Colorado 80112.**