

## FRANCHISE DISCLOSURE DOCUMENT



### FRANCHISOR

Generator Supercenter Franchising, LLC  
A Texas limited liability company  
23123 State Highway 249  
Tomball, Texas 77375  
281-251-6100  
franchising@generatorsupercenter.com  
www.generatorsupercenter.com

As a franchisee, you will operate a Generator Supercenter franchise offering standby generators to the residential and commercial markets, including installation, maintenance and monitoring services.

The total investment necessary to begin operation of a Generator Supercenter franchise is \$~~434442~~,950 to \$~~858853~~,250. This includes \$50,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Matthew Metcalfe at 23123 State Highway 249, Tomball, TX 77375 and 281-251-6100.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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, D.C., 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date: April 17, 2023**

15. 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Generator Supercenter business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Generator Supercenter franchisee?</b>	Item 20 or Exhibits D and E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

**Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in the then-current county and state where our corporate headquarters is located (currently, Harris County, Texas). Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate and/or litigate with the franchisor in the then-current county and state where our corporate headquarters is located than in your own state.

**Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in the loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

**Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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.

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**EXHIBITS**

- Exhibit A – State Administrators/Agents for Service of Process
- Exhibit B – State Specific Addendum
- Exhibit C – Franchise Agreement
- Exhibit D – List of Franchisees
- Exhibit E – List of Franchisees Who Have Left the System
- Exhibit F – Financial Statements
- Exhibit G – Form of Release
- Exhibit H – Form of Transfer Agreement
- Exhibit I – Table of Contents of Confidential Operating Manual

**RECEIPT**

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

The Franchisor is Generator Supercenter Franchising, LLC, a Texas limited liability company. To simplify the language in this Disclosure Document, Generator Supercenter Franchising, LLC, will be referred to as “we” or “us”. “You” means the individual or individuals or corporation, partnership or limited liability company buying the franchise. If you are a business entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit C to this Disclosure Document (the “Franchise Agreement”)) will apply to you and to each individual who signs the Guaranty.

**The Franchisor, Parent, Predecessor and Affiliate**

We are a Texas limited liability company formed in August 2016. Our principal business address is 23123 State Highway 249, Tomball, Texas 77375. We do not operate businesses of the type being franchised, but our parent and affiliates operate [fivesix](#) Generator Supercenter business locations, as described below. Our parent, Generator Supercenter, Inc., began operating the original Generator Supercenter business in 2005. We have offered franchises since January 2017. We do not have any other business activities. We have not offered franchises in other lines of business.

We do not have any predecessors.

Our parent, Generator Supercenter, Inc., has operated a Generator Supercenter business in Tomball, Texas since 2005 at 23123 State Highway 249, Tomball, Texas 77375. Generator Supercenter, Inc. owns the Proprietary Marks, as described in Item 13, and has licensed them to us so that we may sublicense them to our franchisees. Generator Supercenter, Inc. has the same [primary](#) business address as us.

[Our parent, Generator Supercenter, Inc., has also opened a satellite Generator Supercenter business located at N21 W23340 Ridgeview Parkway, Suite 2, Waukesha, Wisconsin 53188, which opened in November 2023.](#)

Our affiliate, Generator Supercenter of Rockwall, LLC has operated a Generator Supercenter business since April 2015. Generator Supercenter of Rockwall, LLC has a business address at 593 E. Interstate 30, Rockwall, Texas 75087.

Our affiliate, Generator Supercenter of Tyler, LLC has operated a Generator Supercenter business since March 2016. Generator Supercenter of Tyler, LLC has a business address at 3223 S. Southwest Loop 323, Tyler, Texas 75701.

Our affiliate, Generator Supercenter of Fort Worth, LLC has operated a Generator Supercenter business since January 2021. Generator Supercenter of Fort Worth, LLC has a business address at 661 Sherry Lane, Fort Worth, Texas 76114.

Our affiliate, Generator Supercenter of Houston, LLC, has operated a Generator Supercenter business in the greater Houston, Texas area selling products and services

exclusively to home builders since January 2023. Generator Supercenter of Houston, LLC has a business address at 23123 State Highway 249, Tomball, Texas 77375.

[Our affiliate, V12 Technology Solutions, LLC, is developing exclusive proprietary customer relationship management and operating software, which all franchisees must use. This affiliate will be the exclusive provider of this software solution.](#)

Neither our parent or affiliates have offered franchises in this or any other line of business.

### **Agent for Service of Process**

If we have an agent in your state for service of process, we disclose that agent in Exhibit A.

### **The Business We Offer**

We grant franchises for the right to operate Generator Supercenter businesses which provide standby generators to the residential and commercial markets, including installation, maintenance and monitoring services (the “Generator Supercenter Business” or “Franchised Business”).

Generator Supercenter businesses operate under our unique system relating to the establishment, development and operation of the Franchised Business (the “System”). The System includes Proprietary Marks, distinctive design, decor, color schemes, fixtures, and furnishings; standards and specifications for products, equipment, materials and supplies; know-how and trade secrets; marketing and promotional programs; and uniform standards, specifications, and procedures for operation of a Generator Supercenter Business. We may periodically make changes to the System, including System standards, facility location requirements and design, signage, equipment, trade dress and fixture requirements. You will operate your Franchised Business the days and hours we specify, subject to our minimum requirements. You may open additional hours or days at your discretion.

The Proprietary Marks include various trade names, trademarks, service marks, logos, and other indicia of origin including the trademark “Generator Supercenter” or any Proprietary Marks we have designated or may in the future designate for use in connection with the System.

### **Market and Competition**

The general market for generators and generator maintenance is middle- to upper-income demographics for residential customers and a wide variety of commercial customers who need to have consistent power access and would see value in a backup generator. The general market for generators and generator service is well developed and competitive. You will compete against national chains, regional chains, and independent owners that sell and/or service generators. Sales may be seasonal depending on your market.

### **Applicable Industry-Specific Laws and Regulations**

The generator retail and service industry has laws and regulations specific to it, primarily related to the installation and service of the generators. State and local agencies related to construction or electricity management compliance would oversee businesses in your market related to these requirements. There are also statutes and regulations that are common to all businesses, including those governing labor issues, zoning, safety and privacy. You must investigate, keep informed of and comply with these laws. You should consult with your attorney about laws and regulations that may affect the Franchised Business and investigate the application of those laws further.

## **ITEM 2** **BUSINESS EXPERIENCE**

### Matthew Metcalfe, CEO and President

Matthew has been our Chief Executive Officer and President since August 2016. He has also served as the President of our parent, Generator Supercenter, Inc. (located in Tomball, Texas, as described in Item 1), since its inception in 2005, the President of our affiliate Generator Supercenter of Rockwall, LLC (located in Rockwall, Texas, as described in Item 1), since its inception in April 2015, the President of our affiliate, Generator Supercenter of Tyler, LLC (located in Tyler, Texas, as described in Item 1), since its inception in March 2016, the President of our affiliate, Generator Supercenter of Fort Worth, LLC (located in Fort Worth, Texas, as described in Item 1), since its inception in January 2021, and the President of our affiliate, Generator Supercenter of Houston, LLC (located in Tomball, Texas, as described in Item 1), since its inception in January 2023.

### Stephen Cruise, Executive Vice President

Stephen has been our Executive Vice President since August 2014. He has also been the Director of Sales for our parent, Generator Supercenter, Inc. (located in Tomball, Texas, as described in Item 1), as well as our affiliates, since April 2009.

### [Derik Gatzke, President-New Business Development](#)

[Derik has been our President-New Business Development since May 2023. From June 2003 to April 2023, he was a Senior Vice President for Generac Power Systems, Inc. in Waukesha, Wisconsin.](#)

### [Michael Sherman, Franchise Compliance Officer](#)

[Michael has been our Franchise Compliance Officer since January 2022. From July 2016 to January 2022, he was our Regional Service Manager and Franchise Trainer in Tomball, Texas.](#)

### Haley Moss, Director of Franchise Operations

Haley has been our Director of Franchise Operations since August 2016.

### **ITEM 3 LITIGATION**

**Generator Supercenter, Inc. and Generator Supercenter Franchising, LLC. V. Tillmon Lewing Enterprises, LLC, Generator Supercenter of Lufkin, LLC, Clarence Tillmon Lewing, Jr. and Jerome D. Rogers Jr. (CIVIL ACTION NO. 4: 18-CV-4326) U.S.D.C. (S.D. Texas - Houston Division).** On November 15, 2018, we filed an action for injunctive relief against our former franchisee and its principals in connection with their continued use of our Proprietary Marks after their franchise agreement was terminated. The Complaint sought a preliminary and permanent injunction enjoining the defendants from engaging in trademark infringement and unfair competition.

On December 26, 2018, the Court entered a preliminary injunction enjoining the Plaintiffs from use of our Proprietary Marks. On February 4, 2019, the court granted a joint motion by the parties to stay the matter pending arbitration proceedings.

**Generator Supercenter, Inc. and Generator Supercenter Franchising, LLC. V. Tillmon Lewing Enterprises, LLC, Generator Supercenter of Lufkin, LLC, Clarence Tillmon Lewing, Jr. and Jerome D. Rogers Jr. (American Arbitration Association Case No. 01-019-0000-9953)**

On March 29, 2019, we filed an arbitration claim against our former franchisee and its principals (the "Respondents") for trademark infringement, unfair competition and additional damages for breaches of the Franchise Agreement, Guaranty and NonCompete Agreement. Our claim seeks (i) \$4,000 for past due royalties; (ii) a loss of at least \$516,000 in anticipated future royalties; (iii) a loss of at least \$54,000 in other fees due under the Franchise Agreement, including our costs and attorney fees; (iv) a full accounting; (v) the return of all Business Data, customer and other data generated in their business; (vi) return all Manuals and Confidential Information; (vii) a permanent injunction enjoining Respondents from competing against us or soliciting employees in violation of the franchise agreement; (viii) damages in the amount of Respondents' gross profits from the date of termination to the present; (ix) additional damages for corrective advertising in an amount not less than \$50,000 in connection with their trademark infringement and unfair competition activities; and (x) a finding of exceptional case and a resulting award of attorney's fees.

The Respondents filed counter-claims against us alleging breach of contract, Tortious Interference with Existing Contracts, Tortious Interference with Prospective Business Relations, violations of 16 C.F.R. Pt. 436 and 16 C.F.R. Pt. 437 federal franchise disclosure laws, violations of the Texas Deceptive Trade Practices Act, and defamation. The Respondents sought damages, in an unspecified amount and reimbursement of their costs and attorney fees.

On January 4, 2021, the parties agreed to settle their arbitration claims and the above litigation in consideration of Respondents agreeing to immediately cease and discontinue all use of our trademarks and service marks.

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

**ITEM 4**  
**BANKRUPTCY**

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

**ITEM 5**  
**INITIAL FEES**

You must pay an initial franchise fee of \$50,000 (the “Franchise Fee”). The Franchise Fee is payable when you sign the Franchise Agreement. Except as noted below, the Franchise Fee is uniform to all franchisees and must be paid in full when you sign the Franchise Agreement. The Franchise Fee is fully earned upon receipt and is not refundable under any circumstances. We offer a military service veteran discount of 5% of the Franchise Fee in honor of military service.

You must acquire an acceptable site and execute a lease for your Generator Supercenter Business within 90 days from the effective date of the Franchise Agreement and open for business within 240 days from the effective date of the Franchise Agreement.

You are required to pay minimum Royalty Fee payments of \$2,000 per month (as described in Item 6) beginning the earlier of (i) the sale of the first generator to a customer (regardless of whether you have opened your fixed retail Generator Supercenter Business physical location to the general public) or (ii) 240 days after the date of the Franchise Agreement.

**ITEM 6  
OTHER FEES**

Name of Fee	Amount	Date Due	Remarks
Royalty (“Royalty Fee”)	<p>4% of Gross Revenues from generator and generator installation sales.</p> <p>6% of Gross Revenues from maintenance, options, service sales, supplier rebate programs and all other sales, revenue and income of every kind and nature.</p> <p>Beginning the earlier of (i) the sale of the first generator to a customer (regardless of whether you have opened your fixed retail Generator Supercenter Business physical location to the general public) or (ii) 240 days after the date of the Franchise Agreement, you must pay a minimum royalty of \$2,000 per month.</p>	Payable on the 12 <sup>th</sup> day of each month via ACH for the preceding month. We reserve the right in our sole discretion to increase the frequency of collection.	Gross Revenues is defined in Note 1.
Brand Development Fund (the “Fund”)	Up to 1% of monthly Gross Revenues, currently none (the “Brand Development Fee”).	Payable to the Fund at the same time and in the same manner as you pay the Royalty Fee.	See Note 1 and Note 2. We currently have not implemented the Fund.
Transfer Fee	100% of our then-current Franchise Fee.	Prior to transfer.	The transfer fee does not apply to transfers where the transferee is an entity controlled and owned by Franchisee. This fee will not be applied if a transfer is to a family member or a key employee.

Name of Fee	Amount	Date Due	Remarks
Renewal Fee	50% of our then-current Franchise Fee.	Prior to renewal.	See Item 17 for a further explanation of renewal conditions.
Information Technology and Online Content Fee	<u>Currently</u> \$750 per month.	Payable at the same time and in the same manner as you pay the Royalty Fee.	We may provide the System with <u>ongoing</u> needs related to website technology and marketing content, including, without limitation, creation and maintenance of an online, franchisee access only, training and information portal, <u>training modules</u> , website creation and maintenance, website <del>and search engine optimization</del> <u>hosting</u> , development of video and other marketing materials, <del>training modules, and</del> researching new technology <del>and managing existing internet search engine optimization technologies to be</del> <u>used</u> in operation of the Franchised Business, <del>as we may determine from time to time in its sole discretion, in return for a fee which is currently \$750 per month.</del> This fee is non-refundable, and subject to change at any time <del>in our sole discretion.</del> We may discontinue or modify the provision of any information technology platform or service at any time.

Name of Fee	Amount	Date Due	Remarks
Email Address Fee	Currently <del>\$4.50</del> <a href="#">\$14 to \$31</a> per user per month	Monthly.	We <del>may</del> provide you with one or more Generator Supercenter e-mail addresses, at the current cost of <del>\$4.50</del> <a href="#">\$14 to \$31</a> per user per month, which amount will be paid to us, and which amount is subject to change.
CRM Software Fee	Currently \$40 to \$105 per user per month	Monthly.	We currently require that you purchase and use Salesforce customer relationship management software customized for our use at the current cost of \$40 to \$105 per user per month, which amount must be paid to us, and which amount is subject to change.
Non-Compliance Fee	\$250.00	Upon demand.	We may charge you \$250 for any non-compliance with our system specifications or your franchise agreement. If such non-compliance is ongoing, we may charge you \$250 per week until you cease such non-compliance.
Customer Complaint Resolution Fee	Our expenses.	Upon demand.	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.

Name of Fee	Amount	Date Due	Remarks
Inspection Fee	Currently, \$300 <u>per day</u> plus our expenses.	Upon demand.	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Insurance	Cost of insurance plus a 25% administrative fee.	As incurred.	We may obtain the insurance if you fail to. You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses.
Audit	All of our costs and expenses, but not less than \$500.	Upon invoice.	See Note 3.
Collection Costs, Attorneys' Fees and Interest	See Note 4.	As incurred.	See Note 4.
Bank Charges and Administrative Costs	Our then-current fees.	Upon invoice.	We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid.
Indemnification	Amount of loss or damages plus costs.	As incurred.	See Note 5.
Initial and Additional Training	See Note 6.	\$500 prior to training, balance upon invoice.	See Note 6.
De-Identify Premises	Costs plus reasonable administrative fee.	As incurred.	If you do not de-identify your Franchised Business following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you a fee.

Name of Fee	Amount	Date Due	Remarks
Step-in Rights Fee	10% of the Franchised Business' monthly Gross Revenues (subject to a monthly minimum fee of \$6,000).	Payable at the same time and in the same manner as you pay the Royalty Fee.	See Note 7.
<a href="#">Liquidated Damages for Early Termination</a>	<a href="#">An amount equal to the average of the monthly Royalty Fees paid (or payable) over the past 12 months times the lesser of 24 or the number of full calendar months remaining in the term of the Franchise Agreement at the time of termination.</a>	<a href="#">Upon demand.</a>	<a href="#">Payable if we terminate your Franchise Agreement for cause.</a>
Product Testing and Supplier Evaluation	\$500 plus our out of pocket expenses.  \$5,000 plus our out of pocket expenses for a realtor evaluation.	Upon invoice.	Payable if you request that we evaluate a potential product, supplier, or professional that is not on our list of approved suppliers for our System. We will reimburse this fee, if we approve the product, supplier or professional for the entire System.
Relocation Fee	Our then-current fee (currently \$5,000).	Upon approval of relocation request.	This is not our exclusive remedy in the event you fail to open the new location.

**Explanatory Notes to Item 6 Table:**

Unless otherwise stated, all fees are paid to us and are non-refundable. All fees are imposed uniformly. We reserve the right to collect any and all fees due to us through ACH. You may only have one bank account for the Franchised Business and in addition to the ability to ACH funds owed to us from that account, we must be permitted “view only” access. You must sign our current form of “Electronic Transfer Authorization,” a copy of which is attached to the

Franchise Agreement as Exhibit 7, and you must comply with the payment and reporting procedures specified by us in the Confidential Operations Manual.

1. The Gross Revenues are defined in the Franchise Agreement as any and all income (calculated on an accrual basis) of every kind and nature related to, derived from, or originating from the Franchised Business, and shall include, without limitation, all revenues from sales made by you from all business conducted at or from, or in connection with the Franchised Business, including but not limited to any and all amounts received or derived from the sale of all goods and services (including any monies received during pre-sales, business interruption insurance proceeds, rebate income, and warranty payments or income) and tangible property of any nature. Gross Revenues does not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority. You must agree to pay all of these taxes when due. Each charge or sale upon installment or credit is treated as having been received in full by you at the time the charge or sale is made, regardless of when or if you receive payment. Sales relating to items for which the full purchase price has been refunded or the item exchanged are excluded from Gross Revenues at the time of refund or exchange, as long as these sales have previously been included in Gross Revenues.

You are required to pay minimum Royalty Fee payments of \$2,000 per month beginning the earlier of (i) the sale of the first generator to a customer (regardless of whether you have opened your fixed retail Generator Supercenter Business physical location to the general public) or (ii) 240 days after the date of the Franchise Agreement. If you do not report Gross Revenues by the 5<sup>th</sup> of each month, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe us, once we have been able to determine your true and correct Gross Revenues, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following payment.

If any state imposes a sales or other tax on us based upon Royalty Fees paid by you to us, then we have the right to collect this tax from you.

2. We may establish the Fund to be administered and controlled by us for the common benefit of System franchisees. In such event, you must participate in and contribute the amount that we require (up to 1% of monthly Gross Revenues, currently none) to the Fund. Our parent and affiliate owned locations are not required to contribute to the Fund.

3. You must maintain accurate business records, reports, accounts, books, and we have the right to inspect and/or audit your business records during normal business hours. If any audit reveals that you have understated Gross Revenues by 5% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported.

4. You will be required to pay us interest on any overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate. If we engage an

attorney to collect any unpaid amounts (whether or not a formal arbitration claim or judicial or proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not an arbitration claim or judicial proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and litigation expenses.

5. You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your Franchised Business, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees.

6. The Franchise Fee includes our initial training program for up to four people, to be trained together at the same time, including you or your Operating Principal (if you are an entity), and your General Manager in our Tomball, Texas location, or another location of our choosing. However, you will be required to pay personal expenses, including transportation, lodging, meals and salaries for yourself and all of your employees. If additional members of your staff need training, or if we determine in our sole discretion that they need additional training, we reserve the right to charge you for such training. Additional Initial training will be charged at our then-current rate, which is currently \$2,500 per person. All other training will be charged at our then-current rate for additional on-site training, which as of the date of this disclosure document is \$500 per day plus our reasonable costs including travel, lodging and meals.

7. In the event we determine we must take over the Franchised Business and manage it, you must pay us a monthly fee equal to 10% of the Franchised Business' monthly Gross Revenues, subject to a monthly minimum of \$6,000, for as long as we deem necessary. In addition, you are also required to pay our expenses and other fees, such as Royalty Fee payments.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be made</b>
Initial Franchise Fee (see Note 1)	\$50,000	Lump sum	When you sign the Franchise Agreement	Us
Real Estate / Rent (see Note 2)	\$11,000 to \$25,000	As arranged	As incurred	Landlord
Utilities	\$700 to \$1,500	As arranged	As arranged	Utility providers
Leasehold Improvements (see Note 3)	\$78,000 to <del>\$115,200</del> ,000	As arranged	As incurred	Contractors
Opening Advertising (see Note 4)	\$8,000 to \$25,000	As arranged	As incurred	Vendors and suppliers
Furniture, Fixtures, and Equipment (see Note 5)	\$15,000 to \$50,000	As arranged	As incurred	Vendors and suppliers
Computer Systems/Equipment and Software	\$4,250 to \$8,250	As arranged	As arranged	Vendors and suppliers
Insurance (see Note 6)	<del>\$500</del> ,000 to \$6,000	As arranged	As arranged	Insurance company
Vehicles (see Note 7)	<del>\$49,000</del> <u>\$4,500</u> to <del>\$8489</del> ,000	As arranged	As arranged	Automobile dealer
Signage	\$9,000 to \$20,000	As arranged	As arranged	Vendor
Office Expenses	\$2,000 to \$2,500	As arranged	As incurred	Vendors
Inventory / Stock (see Note 8)	\$100,000 to <del>\$220</del> <u>\$125</u> ,000	As arranged	As arranged	Vendors or Commercial Lender
Licenses and Permits	\$2,000 to \$4,000	As arranged	As arranged	Government
Dues and Subscriptions	\$1,000 to \$2,000	As arranged	As arranged	Vendors, trade organizations
Professional Fees (lawyer, accountant, etc.)	\$1,500 to \$5,000	As arranged	As arranged	Professional service firms

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be made
Travel, lodging and meals for initial training (see Note 9)	\$3,000 to \$6,000	As arranged	As arranged	Airlines, hotels, and restaurants
Home generator for Franchisee (see Note 10)	\$0 to \$14,000	As arranged	Payment terms arranged with suppliers and your employees	Generac
Additional funds (for first 3 months) (see Note 11)	\$100,000 to \$220,000	As arranged	As arranged	Employees, suppliers, utilities
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$<u>434442</u>,950 to \$<u>858853</u>,250</b>			

**Explanatory Notes to Item 7 Table:**

We do not impose or collect the fees or costs described in this Item, except for the items noted with “Us” in the column labeled “To Whom Paid.” Except as described below, all fees and amounts that you must pay to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third party suppliers. Our estimates in this Item 7 are based on our current prototype for Generator Supercenter Businesses, our experience in developing and operating our parent and affiliate-owned Generator Supercenter Businesses, and our knowledge of business practices and conditions in the general marketplace. They are, however, only estimates and by their nature may change from time to time and may vary from area to area. The figures do not provide for your cash needs to cover financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Business (and which may extend for longer than the three month “initial period” described in Note 13 of this Item 7). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from Franchisee to Franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Business, which will in turn depend upon factors such as the demographics and economic conditions in the area in which your Franchised Business is located, the presence of other Generator Supercenters, public awareness of our business, your ability to operate efficiently and in conformance with the System, and competition. Because the exact amount of reserves will vary and cannot be meaningfully estimated, we urge you to carefully review these figures and the figures you obtain from your own inquiries with an experienced business advisor, such as an accountant or consultant, or a legal advisor, such as a lawyer, before making any decision to purchase a Generator Supercenter Business franchise or any other franchised business.

**Note 1.** The Franchise Fee is fully earned upon receipt and is not refundable under any circumstances. ~~Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider.~~ None of the other expenditures in this table will be refundable. Neither we nor our parent or any affiliate finances any part of your initial investment.

**Note 2.** Our estimates in this table assume you pay a security deposit equal to one-month rent, and that you begin paying rent when (or shortly before) you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. The low end of the table assumes you are opening a location with approximately 4,000 square feet of space and the high end of the table assumes you are opening a location with approximately 10,000 square feet of space.

**Note 3.** The low end of the table assumes you are opening a location with approximately 4,000 square feet of space and the high end of the table assumes you are opening a location with approximately 10,000 square feet of space. The low end also assumes that your landlord may perform certain improvements or provide you with a tenant improvement allowance which may offset, in whole, or in part, the construction and build-out costs for your location. The high end assumes that you will not receive any financial contribution from your landlord for improvements. These numbers are inclusive of any required architect and engineer fees but are not inclusive of other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this concept. As in the development of any location, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided.

**Note 4.** You must develop an opening advertising plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. You shall be required to spend an amount (between \$8,000 to \$25,000) as we determine, based on your Protected Area size and other factors as we determine.

**Note 5.** If you do not have a loading dock at your facility a forklift is needed and must be able to lift a minimum of 2,000 lbs. The cost of a forklift is included in the high end of the estimate.

**Note 6.** This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

**Note 7.** You must initially have one or two vehicles for delivery and service. The [current](#) required vehicles are Ford Transit Cargo 250 work vans, with medium roof and long wheelbase, [\(subject to change\)](#), which will need to be fitted with shelves and other equipment, and will need

to be wrapped with our required décor, the cost of which is included in the estimates. Your vehicles must be kept in good repair, clean, and free of dents and other damage, and present a first-class image appropriate to Generator Supercenter.

**Note 8.** You may be able to obtain floor planning or inventory financing of \$100,000 to \$1,000,000. We do not provide or arrange financing for you, although our primary generator supplier, Generac, typically assists dealers in obtaining financing. Retail floor planning (also referred to as floor planning or inventory financing) is a type of short term loan used by retailers to purchase high-cost inventory. These loans are secured by the inventory purchased as collateral.

**Note 9.** This estimate is for the cost for four (4) people, to be trained together at the same time, including you and your General Manager to attend our initial training program held in Tomball, Texas and to attend Generac's Factory Service Training. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include the cost of any salaries for your employees. The low end of the estimate assumes you are within driving distance of our training facility or Generac's Factory Service training.

**Note 10.** Provided that you own a home that can accommodate a generator, you (or your Operating Principal, or other owner acceptable to us, if you are an entity) are required to purchase and install a generator in your own home within six months after the opening of the Franchised Business.

**Note 11.** This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. This total amount is based upon the historical experience of operating our parent and affiliate-owned Generator Supercenter Businesses. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. This estimate includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, and other miscellaneous items as offset by the revenue you take into the Franchised Business.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Required Purchases**

We, and our parent and affiliates, have spent considerable time, effort and money to develop the Generator Supercenter System. In order to ensure Generator Supercenter's brand maintains its high-quality image, your Franchised Business must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service and must be operated according to our System. We anticipate that our System standards will change over time. You are required to adhere to these changes. System standards and specifications may regulate required signs, letterhead, e-mail signature, business cards and other promotional materials, computer hardware and software, insurance providers and coverage, types and models of authorized equipment and supplies to be used in operating the Franchised Business, and designation of approved suppliers and vendors of these items.

You must purchase all products and services, including, without limitation, technology, software, furniture, fixtures, displays, computers, equipment, inventory (including all generators, parts and related equipment) and products containing the Proprietary Marks and other specified items exclusively in accordance with our standards and specifications that will be disclosed to you in the Confidential Operations Manual or otherwise. You must all use a generator performance monitoring system designated by us.

You must purchase these items from us or from suppliers that we designate. We reserve the right to designate our self or our parent or affiliate as the only approved supplier for items that we require you to purchase. Our parent, Generator Supercenter, Inc., may assist franchisees with sales and service of commercial clients on a case-by-case basis. Generator Supercenter, Inc. can also sell inventory to franchisees, if such inventory is not available from our suppliers on better terms. You are not required to purchase services or inventory from Generator Supercenter, Inc. Except for Generator Supercenter, Inc., there are no approved suppliers in which any of our officers or directors own an interest. You cannot be a supplier to other franchisees without our express written permission.

Except as listed above, currently, neither we nor our parent or affiliates are approved suppliers of any item, but we reserve the right to designate ourselves as such in the future.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Confidential Operations Manual or otherwise. We have the right to modify specifications, standards, suppliers and approval criteria by providing you written notice. There is no limit on our right to do so.

We estimate that the current required purchases in accordance with our standards and specifications and designated suppliers are approximately 70% to 90% of the cost to establish your Franchised Business and approximately 75% to 90% of the ongoing operating expenses of your Franchised Business.

## **Vehicles**

You must initially have one or two vehicles for delivery and service. The [current](#) required vehicles are Ford Transit Cargo 250 work vans, with medium roof and long wheelbase, [\(subject to change\)](#), which will need to be fitted with shelves and other equipment, and will need to be wrapped with our required décor. Your vehicles must be kept in good repair, clean, and free of dents and other damage, and present a first-class image.

## **Approval of New Suppliers or Items**

If we designate one or more exclusive suppliers for a particular good or service, you may not request to utilize an alternative supplier. However, if an exclusive supplier has not been designated and you desire to purchase any item for which approval is required from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we receive your written request.

Before approving any supplier, we may take into consideration: [a\(i\)](#) consistency of products and/or name brands, [b\(ii\)](#) economies of scale achieved by larger volumes, [c\(iii\)](#) delivery frequency and reliability, and [d\(iv\)](#) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, we take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We reserve the right to withhold approval of a supplier for any reason. We do not release our standards and specifications or criteria for supplier approval to System franchisees.

You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval. Your request is considered denied unless and until you hear otherwise from us. You must reimburse us for our reasonable costs of evaluating and/or testing the proposed supplier or item, regardless of whether we approve the product or item. The fee will be \$500 plus any expenses incurred by us for the testing of the products or items. The cost of testing and expenses will be refunded to the franchisee if the product or item is approved for use for the entire System.

We may withdraw our approval of a supplier at any time, in our sole discretion.

### **Revenues of Franchisor and Affiliates**

We, and our parent and affiliates, may derive income or revenue from franchisee purchases. We and/or our parent and affiliates have the right to receive payments from any supplier, manufacturer, vendor or distributor to you or to other franchisees within our franchise system and to use these monies without restriction, and as we deem appropriate. We will receive a yearly rebate from Generac equal to [23%](#), 4% or 5% of your purchases, depending on the gross sales of our franchisees. We will receive a yearly rebate from Graybar equal to 2% of your purchases, depending on the gross sales of our franchisees. We will receive a quarterly rebate from Continental Batteries equal to \$2.50 per battery purchased by you. We will receive a yearly rebate from Southern Fried Advertising equal to 5% per dollar amount spent by franchisees. We will receive a yearly rebate from Think Bright Marketing equal to 5% per dollar amount spent by franchisees. And, we will receive a yearly rebate from Farmers Insurance equal to 2% per dollar amount spent by franchisees.

During [20222023](#), our total revenues were [\\$9,996,39411,052,770](#). During [20222023](#), we received [\\$3,070,467](#), [we received \\$2,861,142](#) or approximately [30.7625.89%](#) of our total revenues, from approved suppliers based on their sales or leases to our franchisees.

In certain cases, we may sell generators and related products to you directly. As indicated above, during [20222023](#), our total revenues were [\\$9,996,39411,052,770](#). During [20232022](#), we received approximately [\\$38,335,188,186](#) or approximately [-381.7%](#) of our total revenues, from such sales to franchisees.

In certain cases, our parent, Generator Supercenter, Inc., [or our affiliates, as described in Item 1](#), may sell generators and related products to you directly. During [20232022](#), our parent [and affiliates](#) derived [\\$72,04650,851](#) in revenues from such sales to franchisees.

### **Approved Location**

We must approve the location of your Franchised Business and any applicable lease for the premises. Our approval of the lease will be conditioned upon your execution, and your

landlord's execution, of the Collateral Assignment of Lease and Consent of Lessor attached as Exhibit 8 to the Franchise Agreement under which you, as the lessee, conditionally assign to us your rights under the lease.

We will provide you with a sample layout and specifications for a Generator Supercenter Business. You may be required to hire a licensed architect to prepare plans and make any necessary changes to our standard layout and specifications. Before we approve your final architectural renderings, plans, and specifications for your Franchised Business, either the architect or you must certify to us that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities.

You must obtain certain items for the opening of your Franchised Business through vendors that we have approved. Only marketing materials that we approve are permitted at your Franchised Business. No outside solicitations are permitted. You must display a sign at all times that states "Independently owned and operated." You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate.

### **Computer Purchase**

You must purchase our specified computer system or an alternative system we approve and must purchase software and/or subscribe to any internet based programs we require. We reserve the right to designate our self or our parent or affiliate as the sole supplier of required software or subscription services. We also reserve the right to designate other exclusive technology vendors.

### **Advertising**

All advertising and promotion of your Franchised Business must conform to our specifications and standards and must be approved by us in advance. You must submit to us, for our approval, at least thirty (30) days in advance of placement deadline, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs.

### **Insurance Requirements**

You must obtain and keep in force at a minimum the insurance we require in the Confidential Operations Manual or otherwise. You currently must maintain the following insurance coverage: (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, (iii) Workers Compensation coverage ~~as required by state law, in an amount of not less than \$1,000,000,~~ (iv) cyber insurance coverage in an amount of not less than \$250,000, (v) professional liability coverage in an amount of not less than \$250,000 and (vi) any other insurance that we may require in the future or that may be required according to the terms of your lease.

If the lease for your Franchised Business premises requires you to purchase insurance with higher limits than those we require, the lease insurance requirements will take precedence.

All insurance policies must contain a separate endorsement naming us and our parent and affiliates as additional insureds and must be written by an insurance carrier accepted by us in writing with an A. M. Best and Standard and Poor's rating of at least "A-" or better. You must provide us with all information requested by us to assist us in determining whether a carrier is acceptable. We may require that you obtain insurance from a carrier we designate. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to us. Upon request, you must provide us with a currently issued certificate of insurance evidencing coverage in conformity with our requirements. We may increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to you, and you must comply with any modification. We may obtain insurance coverage for your business if you fail to do so, at your cost.

If you will be engaging in any construction, renovation or build-out of the premises for the Franchised Business, either you or your third-party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the amounts listed above as well as Builder's Risk insurance in an amount approved by us.

### **Purchasing or Distribution Cooperatives**

No purchasing or distribution cooperative currently exists. We may negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of System franchisees, but we are under no obligation to do so. We currently have an agreement with Generac that franchisees will be "Elite Dealers" upon the purchase of the initial order of \$100,000 or more, and completion of training from Generac. As an Elite Dealer, you will receive from Generac a payment of 2% of your previous year's purchases to reimburse you for approved advertising, and an additional payment of 1% of your previous year's purchases. These programs are subject to change by our suppliers at any time.

~~Generac also has a program called Power Pro, which we strongly recommend to franchisees. If you qualify for this program, you will get leads from Generac as well as an increase in the payment Generac makes to you (from \$75 to \$125) to repair generators that are under warranty from Generac.~~

### **Material Benefits**

We do not provide material benefits to franchisees, such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated sources.

## **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	3; 5.1	Items 6 and 11
(b) Pre-opening purchases/leases	3.3	Items 7 and 8
(c) Site development and other pre-opening requirements	5	Items 6, 7 and 11
(d) Initial and ongoing training	5.3	Items 6, 7 and 11
(e) Opening	6.1	Item 11
(f) Fees	4	Items 5, 6 and 7
(g) Compliance with standards and policies/Operating Manual	5.5; 6.2; 6.9	Items 8 and 11
(h) Trademarks and proprietary information	Background Section B; 6.7	Items 13 and 14
(i) Restrictions on products/services offered	6.9	Items 8 and 16
(j) Warranty and customer service requirements	6.12	Item 11
(k) Territorial development and sales quotas	Not Applicable	Item 12
(l) On-going product/service purchases	6.2; 6.9	Item 8
(m) Maintenance, appearance and remodeling requirements	6.36	Items 6 and 11
(n) Insurance	7.7	Items 6, 7 and 8
(o) Advertising	4.3	Items 6, 7 and 11
(p) Indemnification	7.2	Item 6
(q) Owner's participation / management and staffing	6.3.5	Items 11 and 15
(r) Records/reports	4.3.2; 4.9; 4.12	Item 6
(s) Inspections/audits	4.8	Items 6 and 11
(t) Transfer	8	Item 17
(u) Renewal	2.2	Item 17
(v) Post-termination obligations	10	Item 17
(w) Non-competition covenants	7.4	Item 17
(x) Dispute resolution	12.2; 12.3; 12.4; 12.11; 12.12; 12.13;	Item 17
(y) Liquidated damages	Not applicable 10.2	Not applicable Item 6
(z) Guaranty	Exhibit 3	Item 1

**ITEM 10  
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.



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

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

**Pre-Opening Obligations**

Before you open your Franchised Business, we are obligated under the Franchise Agreement to:

Review and approve or disapprove proposed sites for the location of your Franchised Business and review and approve or disapprove the proposed lease or purchase agreement for the premises. (Sections 3.1 and 3.2 of the Franchise Agreement). When evaluating a potential site, we will consider factors such as general location and neighborhood, distance from neighboring franchisees, proximity to major roads, residential areas and commercial businesses, traffic patterns, lease terms, and demographic characteristics of the area. It is your responsibility to locate a site that satisfies our site selection criteria. Site selection assistance provided by us does not relieve you of primary responsibility to locate an acceptable site in the required timeframe. We generally do not own your premises.

Provide you a copy of a floor plan design for a prototypical Franchised Business. (Section 5.2 of the Franchise Agreement).

Provide initial tuition-free training for up to four (4) people (to be trained together at the same time), including you or your Operating Principal (if you are an entity), and your General Manager to attend our initial training program held in Tomball, Texas or at another location as designated by us (Section 5.3.1 of the Franchise Agreement). We will also provide you continuing consultation and advice as we deem advisable before your Franchised Business opens for business. (Section 5.3.2 of the Franchise Agreement).

Provide you with information regarding the selection of suppliers of products, initial inventory, supplies, signs, fixtures, equipment, computer hardware and software and other merchandising needs of your Franchised Business (Section 6.2 of the Franchise Agreement). We will make available to you, a list of required, approved and recommended suppliers for these items and you will contract directly with said suppliers.

If you request, we will review your pre-opening business plan and financial projections.

We will advise you regarding the planning and execution of your opening advertising plan.

Loan you or otherwise provide you with access to a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, referred to collectively as the "Confidential Operations Manual," containing mandatory standards, operating procedures and rules which we prescribe, as well as information relating to your other obligations under the Franchise Agreement. We have the right to add to and otherwise modify the Confidential Operations Manual as we deem necessary and reasonable; however, no change to the Confidential Operations Manual will materially alter your fundamental rights under the Franchise Agreement. We may provide the

Confidential Operations Manual solely through our website(s), and/or intranets, or other electronic means without any need to provide you with a paper copy or other physical format (Section 5.5 of the Franchise Agreement). Attached, as Exhibit I, is a copy of the table of contents of our Confidential Operations Manual as of the issuance date of this Disclosure Document. There are currently [458280](#) pages in our Confidential Operations Manual.

### **Site Selection and Opening**

You must acquire an acceptable site and execute a lease for your Generator Supercenter Business within 90 days from the effective date of the Franchise Agreement and open for business within 240 days from the effective date of the Franchise Agreement.

If you fail to open your Generator Supercenter Business within 240 days from the effective date of the Franchise Agreement (subject to any extensions you receive), we may terminate the Franchise Agreement.

We anticipate that franchisees will typically open for business within 240 days after they sign the Franchise Agreement or pay any consideration for the franchise. The actual length of time it will take you to open your Generator Supercenter Business will depend upon certain critical factors such as: (i) your ability to obtain a mutually acceptable site and the lease for the site; (ii) your ability to obtain acceptable financing; (iii) your ability to timely obtain required permits and licenses; (iv) the scheduling of the training program; (v) the timely completion of leasehold improvements; and (vi) the amount of time necessary to train personnel and to obtain necessary inventory, equipment and supplies.

We will provide you with a copy of a floor plan designed for a prototypical Generator Supercenter Business. You must construct and equip your Generator Supercenter Business in accordance with our approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. You may be required to hire an architect to prepare plans and make any necessary changes to the standard floor plan design. You will bear the cost and responsibility of compliance with state or local ordinances and codes, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are your responsibility. The layout, design and appearance of your Generator Supercenter Business must meet our approval and conform to our standards and specifications.

Prior to opening, you must obtain our prior written approval for the Approved Location and our prior written approval for a lease (which complies with our lease requirements). There is no contractual limit on the time it takes us to accept or reject your proposed location. Generally, we do not take more than 30 days from the time we receive the information requested by us, to accept or reject your proposed location.

You may not open for business until: (i) you pay the initial franchise fee and other amounts due to us or our parent and affiliates; (ii) we notify you in writing that your Franchised Business meets our standards and specifications; (iii) you and your General Manager have successfully completed initial training to our satisfaction; and (iv) you have provided us with certificates of insurance for all required insurance policies; (v) you have received our written approval.

In our discretion, we may, but are under no obligation to, purchase a location for you Franchised Business and lease it back to you.

We will provide opening onsite assistance for up to three (3) days at no additional charge for your Franchised Business. However, we reserve the right to provide this assistance remotely, in our discretion.

### **Continuing Obligations**

During the operation of your Franchised Business, under the Franchise Agreement:

We may provide periodic assistance we deem appropriate and advisable. Subject to availability of personnel and at your request, we may make personnel available to provide additional on-site assistance at your location, at our then-current fee. (Section 5.3.2 of the Franchise Agreement).

We may provide, in addition to the assistance rendered to you prior to opening and in connection with your opening, continuing consultation and advice as we deem advisable regarding merchandising, inventory, sales techniques, personnel development and other business, operational and advertising matters that directly relate to the Franchised Business. This assistance may be provided by telephone, facsimile, email, postings to our intranet, periodically through on-site assistance by appropriate personnel, and/or other methods. (Section 5.4 of the Franchise Agreement).

We will approve the type of products and services offered in your Franchised Business, as we may periodically modify. (Section 6.9 of the Franchise Agreement).

We will permit you to use our confidential information. (Section 6.5 of the Franchise Agreement).

We will permit you to use our Proprietary Marks. (Section 6.6 of the Franchise Agreement).

If we establish a Brand Development Fund, we will administer contributions to the brand development fund. (Section 4.3.3 of the Franchise Agreement).

### **Advertising Programs**

We may establish a brand development fund to be administered for the common benefit of System franchisees (the "Fund"). Under the Franchise Agreement, we have the right to require you to contribute up to 1% of your monthly Gross Revenues to the Fund. (Section 4.3.4.1 of the Franchise Agreement). As of the date of this Disclosure Document, the Fund has not been established. When established, it is expected that the source of advertising will be in house and/or through a national agency.

Neither we, nor our parent and affiliate-owned Generator Supercenter businesses, are contractually required to contribute to the Fund, although they may contribute, in our discretion. We have the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount of

Fund contributions in your Protected Area and not all System franchisees will benefit directly or on a pro rata basis from these expenditures. (Section 4.3.4.3 of the Franchise Agreement). We have the right to Fund contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media social sites, such as Instagram, Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and “mystery shopper” program(s) which may include call recording; implementation and use of Customer Relationship Management software and solutions; and providing promotional and other marketing materials and services to Generator Supercenter Businesses operating under the System. Our decisions in all aspects related to the Fund will be final and binding. We may charge the Fund for the costs and overhead, if any, we incur in activities reasonably related to the creation and implementation of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include: (i) the cost of preparing advertising campaigns and other public relations activities, (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees, and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. (Section 4.3.4.2 of the Franchise Agreement).

We do not anticipate that any part of your contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. (Section 4.3.4.2 of the Franchise Agreement). We also reserve the right to require you to place a “franchises available” sign (which signage will be provided by us) at a location we designate at your Franchised Business.

If the Fund is enacted, it is anticipated that a board will be established with at least one representative from us and three (3) franchisees to serve as board members, provided, franchisee board members will have no formal voting powers and all final decisions regarding the Fund will be determined by Franchisor. Franchisee board members will be voted in by the then current franchisees. Each open territory will receive one vote to elect board members. New elections will occur every three (3) years, unless changed by Franchisor in its discretion.

We may also establish special promotional programs. You are required to participate in special promotional programs, and you must pay your share of the cost of developing and implementing the program, including common development, design and advertising costs. You must participate in all rebate programs and must offer all discounts required by us. (Section 4.3.4.4 of the Franchise Agreement).

Advertising to be used by the Fund or by you locally may be produced in-house or through an outside agency. (Section 4.3.4.2 of the Franchise Agreement). The primary source of advertising will be in-house.

Although we anticipate that all Fund contributions will be spent in the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year. We do not owe you any fiduciary obligation for administering the Fund. The Fund may spend more or less than the total Fund annual contributions in a given fiscal year and may borrow funds to cover deficits. If we terminate the Fund, we may choose to spend the funds in accordance with our then-current marketing policies or distribute funds to franchisees on a pro-rata basis. There is no requirement that the Fund be audited. Upon your written request, we will provide you with un-audited fiscal year-end financial statements and accountings of Fund expenditures. (Section 4.3.4.2 of the Franchise Agreement). We may incorporate the Fund or operate it through a separate entity if we deem appropriate.

There is currently no advertising council in place for the System.

### Local Advertising

Each year, you must create an annual and monthly local marketing plan, that we must approve. In addition to any required Fund Contributions, you must spend 4% of your monthly Gross Revenues, subject to a minimum of \$3,000 per month on local advertising in accordance with the approved annual and monthly local marketing plan.

You may use your own advertising material so long as you have received prior written permission from us. (Section 4.3.32 of the Franchise Agreement). If you propose to use any advertising which we have not previously approved, we have the right to condition approval of your proposed advertising upon your agreement to provide other System franchisees, whose businesses are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. You must provide any proposed advertising to us at least 30 days before placement deadline. We are not contractually obligated to approve or reject any advertising submitted to us within the 30 days, but we will attempt to do so. You may not use the advertising unless we give you approval in writing. At our request you must include certain language in your local advertising materials, including "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", our website address and telephone number. (Section 4.3.2 of the Franchise Agreement). We are not required under the Franchise Agreement to spend any amount on advertising in your local area or your Protected Area.

You may not establish a website using or displaying any of the Proprietary Marks, and you may not advertise your Franchised Business, or the sale of products or services offered by your Franchised Business on the Internet or through social media networking accounts operated by you or by others, except as we permit. You must use our current vendor for the creation and maintenance of the website for your Franchised Business. We recommend you purchase additional online marketing services from our current vendor, such as pay per click digital marketing.

We may provide the System with ongoing needs related to information~~website~~ technology and online-marketing content, including, without limitation, creation and maintenance of an online System, franchisee access only, training and information portal, training modules, website creation and maintenance, website and search engine optimization~~hosting~~, development of video and other marketing materials, training modules, and researching new

technology ~~and managing existing technology related to computer systems and software platforms~~ used in operation of the Franchised Business, as we may determine from time to time in its sole discretion, in return for a fee ~~of which is currently \$750. (See Section 4.6 of the Franchise Agreement and Item 6)~~ per month. This fee is non-refundable, and subject to change at any time ~~in our sole discretion~~. We may discontinue or modify the provision of any information technology platform or service at any time. (See Section 4.6 of the Franchise Agreement and Item 6)

Any electronic materials you propose to use must be approved in advance by us before publication to any site. (Section 4.3.5 of the Franchise Agreement). You may not advertise your Franchised Business or the sale of products or services offered by your Franchised Business outside of your Protected Area, without our prior written consent.

### Opening Advertising

You must develop an opening advertising plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

### Advertising Cooperatives

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Franchised Business is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 1% of your monthly Gross Revenues. Amounts contributed to a cooperative will be credited against monies you are otherwise required to spend on local advertising. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our parent and affiliate owned businesses will have no obligation to participate in any such advertising cooperatives. (Section 4.3.6 of the Franchise Agreement).

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. We may require a cooperative to prepare annual or periodic financial statements for our review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Your Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative

We reserve the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve or merge any advertising cooperative.

### Computers and Point of Sale Systems

We have the contractual right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. You must acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing

equipment and support services we require in connection with the operation of your Franchised Business and all additions, substitutions and upgrades we specify. Your computer system must be able to support our then-current information technology system. (Section 6.9.5 of the Franchise Agreement). We ~~may~~ provide you with one or more Generator Supercenter e-mail addresses, at an approximate current cost of ~~\$4.50~~14 to \$31 per user per month, which amount will be paid to us (see Item 6), and which amount is subject to change. We own all Generator Supercenter e-mail addresses that you are permitted to use and have full access to all communications sent and received using those addresses. When conducting business with clients, vendors or suppliers of your Franchised Business via e-mail, you must use any Generator Supercenter e-mail address provided by us.

We will have the right to independently access information and data collected by the POS system or otherwise related to the operation of your Franchised Business. You must allow us to access the information remotely and we shall have the right to disclose the information and data contained therein to the System. There is no contractual limitation on our right to access this information and data. (Sections 4.4 and 6.9.5 of the Franchise Agreement). Currently we store and can generate the following type of data from our required computer or POS system: customer name and contact information, type of product sold, payment types, payment dates, service history, pictures of projects and project notes.

You are required to purchase a computer system which meets the minimum specifications outlined in our Confidential Operations Manual. We estimate that your approximate cost to purchase the designated computer system will range from \$4,250 to \$8,250. We currently require that you purchase and use the following software systems and devices: (i) Microsoft Office suite at an approximate cost of ~~\$3008~~ per computeruser per month; (ii) QuickBooks EnterpriseOnline at an approximate cost of ~~\$1,700 to \$2,000~~200 per yearmonth; (iii) RazorSync POS, credit card processing and scheduling software at an approximate cost of \$300 to \$600 per month, (iv) Visio drawing software for permitting purposes at an approximate cost of \$150 to \$200 per year; (v) FranConnect for training, onboarding, video modules, intranet communication and a ticketing system for issues needing to be resolved; (vi) generator monitoring devices from Generac at an approximate cost of \$200 to \$250 per unit (an initial order consists of 5 units); (vii) Salesforce customer relationship management software customized for our use at an approximate cost of \$40 to \$105 per user per month, which amount must be paid to us (see Item 6). The above-described requirements and costs are subject to change.

We currently do not require that you maintain contracts for hardware and software maintenance, support and upgrade services for your computer or POS system, however if you choose to obtain this service, we estimate it will cost approximately ~~\$750~~1,000 to ~~\$43,000~~ per year.

You must upgrade or update your computer equipment and software to comply with our current requirements within thirty days of a change in our requirements. Our modification of specifications for the computer system, and/or other technological developments or events, might 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 must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment. There is no contractual limitation on the frequency or cost of required updates or upgrades. In addition to any charges imposed by computer hardware and software vendors, we

may charge you a reasonable systems fee for modifications and enhancements we or our vendors or representatives make to proprietary software and for other maintenance and support services that we may furnish to you. We reserve the right to adopt new technology at any time, which may result in additional fees to you that are not currently known.

## TRAINING PROGRAM

### Initial Training Schedule

Subject	*Hours of Classroom Training	*Hours of On-the-Job Training	Location
Sales Overview	4	2	Tomball, Texas
Marketing/Lead Generation	4	2	Tomball, Texas
Sales Process	3	3	Tomball, Texas
Partnership Training	2	2	Tomball, Texas
Install Process	6	2	Tomball, Texas
In-field Training	2	4	Tomball, Texas
Start up and Training	1	1	Tomball, Texas
Service Process	6	3	Tomball, Texas
Warranty Process	1	1	Tomball, Texas
Accounting 101	2	1	Tomball, Texas
Software	4	1	Tomball, Texas
Billing/Collections	3	1	Tomball, Texas
Retail Financing	2	1	Tomball, Texas

\* On-the-job” or in person “classroom” training hours may be converted to virtual training hours if we determine that in person training is not advisable due to health and safety reasons.

Prior to attending initial training, you (or your Operating Principal) and your General Manager must attend and complete the Factory Service Training to become a Generac service technician. The Factory Service Training is offered in Waukesha, WI or other locations (designated by Generac) throughout the country. The Factory Service Training generally can be completed within 3 days. Prior to signing the franchise agreement, you should investigate locations where the Factory Service Training is offered.

All of your managers and field personnel must also attend and complete the Factory Service Training to become a Generac service technician.

The initial training program is designed to provide training in the operation and management of a Generator Supercenter business. The initial training program will be held in

our Tomball, Texas location, or other place as we designate. We reserve the right to hold training virtually, in our discretion. Training is expected to last 5 days. Training for up to four people, to be trained together and at the same time, is included in the initial franchise fee. You (or your Operating Principal if you are an entity) and your General Manager are required to attend. Each of your additional and/or replacement general managers must attend, and complete the initial training program to our satisfaction before assuming management responsibility at our then-current cost for additional initial training (currently \$2,500 per person). Training must be completed thirty days prior to the opening of your Generator Supercenter business.

If additional training is otherwise required you must pay us our then-current tuition for additional on-site training which currently is \$500 per day. You will also be responsible to pay for the travel, lodging and meal costs of our trainers.

You are responsible for all training-related expenses including transportation to and from the training site, lodging and dining expenses. In addition, if your employees will receive a salary during training, you are solely responsible for paying their salary.

Training classes will be overseen by ~~Glenn Leingang and~~ Haley Moss. Their experience is described in Item 2. Our training instructors have a minimum of ~~three~~two years of experience in the area that they train.

There currently are no fixed (such as monthly or bi-monthly) training schedules. We will hold our training program on an “as needed” basis, depending on the number of franchisees and their employees needing training.

We reserve the right to hold periodic refresher training programs, which we expect to hold at least annually, and we may designate that attendance at refresher training is mandatory for you and/or any of your personnel. We reserve the right to require you to pay our then-current cost for the training (currently \$500) in addition to all expenses your trainees incur while attending refresher training, including travel, lodging, meals and wages.

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually. We may designate that attendance at a franchisee conference by you and/or certain of your personnel is mandatory. We do not expect that a franchisee conference will last longer than four days in any calendar year. We may conduct franchisee conferences to discuss new procedures or protocols, marketing strategies, new products or services, and/or to provide training. We may designate the location of the conference (including a block of hotel rooms set aside for our franchisees). ~~We will not designate an unreasonably expensive location.~~—You must pay all expenses incurred by you, your general manager and/or any other attendees at the franchisee conference, including travel, lodging, meals, applicable wages and conference materials.

## **ITEM 12** **TERRITORY**

The Franchise Agreement grants you the right to operate one Generator Supercenter franchise at the specific location identified in the Franchise Agreement or subsequently identified and determined by us.

If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Franchised Business, you must relocate your Franchised Business to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must pay the relocation fee, must procure a site acceptable to us within 60 days after closing the prior location, and must open the new Generator Supercenter location for business within 90 days of closing the previous one. We may or may not agree to such relocation based upon various criteria including, but not limited to: area demographics, estimated market demand and proximity to other System franchisees. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

We will provide you with a territory or “Protected Area” subject to the following terms, conditions and limitations set forth in this Item: if you are in compliance with the Franchise Agreement and performance requirements described below, we will not own, operate, franchise or license any other Generator Supercenter business location within the Protected Area during the Term of the Franchise Agreement.

We may grant franchise options, rights of first refusal or any other similar rights to acquire additional franchises.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we control, or from other channels of distribution or competitive brands that we control. We and/or our parent and affiliates reserve all other rights with respect to your Protected Area, which include but are not limited to: (i) to distribute products and services through “Other Channels of Distribution” as described below, both within and outside the Protected Area; (ii) to use and to license others to use, the System for the operation and licensing of other Generator Supercenter Businesses at any locations outside of the Protected Area; (iii) to manage National Accounts as described below; and (iv) to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by Generator Supercenter, inside or outside the Protected Area.

With respect to prospective customer business developed through the efforts of Franchisor through the System website or other means, Franchisor may direct such customer business to any franchisee of the System, or service such customer business itself, in its sole discretion.

We and/or our parent and affiliates retain the right to use and to license others to use the System for the operation and licensing of other System franchisees at any locations outside of the Protected Area.

You are responsible for finding a site for the Franchised Business, subject to our approval. We must grant written authorization before you may proceed with any proposed location. ~~When the Approved Location is identified,~~ We will provide you with your Protected Area, that will be described by zip codes or geographical boundaries (such as streets, towns or counties) identified on Exhibit 1 of the Franchise Agreement. Typically, your Protected Area is described in terms of specific zip codes surrounding your approved location. Protected areas vary in size depending on population density and other demographic factors, including: the

population base; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; location of competing businesses and major and restricting topographical features which clearly define contiguous areas, such as rivers, mountains, major freeways and underdeveloped land areas.

Unless we have provided written consent otherwise, you may not solicit, sell to or service customers outside of the Protected Area. And, except as we otherwise approve, you may not take part in any sales from a location other than the premises of your Franchised Business. You are strictly prohibited from selling any product at wholesale.

### Other Channels of Distribution

You have no right to distribute any services or products offered in the Franchised Business through any alternate channels of distribution, including but not limited to, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery System (collectively, the "Electronic Media"); or through telemarketing, catalogs or other mail order devices.

We and our parent and affiliates are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution under the same and/or different proprietary marks within the Protected Area.

We and/or our parent and affiliates reserve the unrestricted right to offer products and services, for rent or purchase, whether now existing or developed in the future, identified by the Proprietary Marks or other marks we and/or our parent or affiliates own or license, through any distribution method we or they may establish, and may franchise or license others to do so, both within and outside the Protected Area, regardless of whether the offering of products or services in the other channels of distribution compete with your Franchised Business. These other channels of distribution may include locations and venues other than a Generator Supercenter Business, including but not limited to, retail establishments, mail order, catalogs, the Internet, and any similar outlets or distribution methods as we may determine, in our sole discretion. This Agreement does not grant you any rights to distribute products through such other channels of distribution, and you have no right to share in any of the proceeds we, or other franchisees or licensees or any other party receives in connection with such other channels of distribution.

~~We have not yet~~ We and/or our parent and affiliates further reserve the unrestricted right to established other franchises or company-owned or affiliate-owned outlets or another distribution ~~channel~~channels, selling similar products or services under ~~a different trademark,~~ but we reserve ~~proprietary marks other than~~ the right to do so in the future ~~Proprietary Marks,~~ without first obtaining your consent, both within and outside the Protected Area, regardless of whether the offering of products or services in the other channels of distribution compete with your Franchised Business.

~~We~~ We and/or our parent and affiliates further reserve the unrestricted right to own, operate, franchise or license ~~, both within and outside the Protected Area,~~ businesses operating under ~~name Generator Supercenter Green, or any proprietary marks~~ other ~~name~~ than the Proprietary Marks, offering standby green or environmentally sustainable energy ~~generators or power sources~~ power sources (including, without limitation, battery and/or solar power) to ~~the~~ residential and commercial markets, including installation, maintenance and monitoring services, at any

[location within or outside the Protected Area, notwithstanding their proximity to the Protected Area or their actual or threatened impact on sales of the Franchised Business.](#)

### Performance Requirements

After the first year, if you are not averaging sales of a minimum of 15 generators per month, then we have the right to either reduce the size of your Protected Area or sell additional franchises within your Protected Area.

### Pre-existing Customers

To the extent another franchisee has been servicing customers in your Protected Area, you shall have the option, within sixty (60) days of opening, to purchase such existing customers from the other franchisee. The purchase price for such customer shall be equal to (i) the wholesale cost of any monitoring equipment [sold installed](#) by the other franchisee to the customer, plus (ii) an amount equal to twelve months of maintenance payments for each customer (the "Pre-Existing Customer Purchase Price"). Similarly, to the extent we grant you permission to service customers outside your Protected Area, in the event we award a franchise territory to a franchisee where you are servicing a customer, such new franchisee will have the option to purchase any customers you are servicing in the new franchisee's territory for the Pre-Existing Customer Purchase Price.

### National Accounts

We may establish policies and procedures governing the provision of approved services to businesses and others that are managed at a corporate level and/or have multiple offices, units, houses, facilities, services or operations located (or which we expect will be located) in more than one area ("~~National Account(s)~~"), [including, without limitation, Costco, Lowes and Home Depot](#). You must comply with the National Account program policies and procedures. We reserve the exclusive right to solicit, enter into and administer national and/or regional contracts with National Accounts, provided we will offer you the opportunity to service the National Account located in the Protected Area. You may not solicit National Accounts without our written consent. You will have no right to negotiate a national or regional agreement with National Accounts without our prior written consent. If we enter into a contract with a National Account applicable to the Protected Area, you may not arrange any different terms or collect any additional fees. You may only service a National Account located in the Protected Area upon agreement to participate in the National Account program we have established for such National Account, including your compensation and compliance with our specifications and standards. If you do not participate, we may, without any compensation to you, dispatch another franchised or company-~~or~~ affiliate-owned Generator Supercenter Business [or other third party](#) to service any National Account located in the Protected Area. We may provide a centralized billing system and dispatch service for National Accounts. Payment for services performed under any contract for a National Account will be contingent on receipt payment from the National Account; we do not guaranty payment by the National Account.

**ITEM 13**  
**TRADEMARKS**

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise (the "Proprietary Marks"). Our primary service mark is "Generator Supercenter®". Our parent, Generator Supercenter, Inc., owns, has registered the Proprietary Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO") as listed below. Our parent has and intends to file all affidavits and renewals when required. You may not sublicense the Proprietary Marks without our permission. This below list may not be an exhaustive list of all Proprietary Marks owned by us, or our parent and affiliates.

Mark	Filing Date	Serial Number	Registration Date	Registration Number
Generator Supercenter	7/1/2016	87091769	2/14/2017	5141083
The Standby Power People	9/15/2014	86394507	11/7/2015	4853807
	12/4/2018	88216593	7/2/2019	5793846
	<a href="#">10/27/2023</a> <small>Pending</small>	<a href="#">98243713</a> <small>Pending</small>	Pending	Pending
<a href="#">YOUR HOME IS YOUR SANCTUARY</a>	<a href="#">10/27/2023</a>	<a href="#">98243997</a>	<a href="#">Pending</a>	<a href="#">Pending</a>
<a href="#">G</a>	<a href="#">10/27/2023</a>	<a href="#">98243801</a>	<a href="#">Pending</a>	<a href="#">Pending</a>

	<a href="#">10/27/2023</a>	<a href="#">98243895</a>	<a href="#">Pending</a>	<a href="#">Pending</a>
<a href="#">LIFE GOES ON, YOUR POWER STAYS ON</a>	<a href="#">10/27/2023</a>	<a href="#">98244025</a>	<a href="#">Pending</a>	<a href="#">Pending</a>

We do not have a federal registration for the pending Proprietary Mark shown above. Therefore, ~~this trademark does~~[these trademarks do](#) not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We also own and claim common law trademark rights in the trade dress used in the Franchised Business. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

For the Proprietary Mark “Generator Supercenter” the Declaration of Use and Incontestability was filed July 29, 2022. For the Proprietary Mark “The Standby Power People” the Declaration of Use and Incontestability was filed May 16, 2022.

Under a license agreement with our parent, Generator Supercenter, Inc., dated January 30, 2017 and last amended July 3, 2019 (the “License Agreement”), our parent has licensed us to use the Proprietary Marks and to sublicense them to our franchisees in operating their locations. Generator Supercenter, Inc., may terminate the License Agreement (which runs for 20 years and is renewable for an additional term of 10 years) if we fail to correct any of the following within 30 days after written notice: (4i) any default under the License Agreement; (2ii) improper use of the Proprietary Marks that could adversely affect their validity or protectability; or (3iii) our bankruptcy, insolvency, or appointment of a receiver. No other agreement limits our right to use or license the Proprietary Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise. Other than the rights of our parent, we are not aware of any superior rights that could affect your use of the Proprietary Marks.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that we may subsequently license to you. You will only use the Proprietary Marks as we authorize. In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion. All goodwill

associated with the Proprietary Marks remains our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Mark.

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name, domain name, homepage, email address or on any website or with modifying words, designs or symbols, unless authorized by us. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not apply for any trademark or service mark.

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. You must not communicate with any person other than your legal counsel, us and our legal representative in connection with any infringement challenge or claim. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Proprietary Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to substitute, add or change the Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution, addition or change of the Proprietary Marks will be beneficial to the System. If we substitute, add or change any of the Proprietary Marks, you must bear the cost and expense at your business (for example, changing signage, business cards, etc.).

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not own any registered patents which are material to the franchise. We do claim copyright protection for many aspects of the System, including, without limitation, the Confidential Operations Manual and other manuals, advertising and promotional materials, training materials and programs, videos, proprietary computer software and applications, architectural plans and designs, web sites and web pages, and all other written material we develop to assist you in development and operation, although these materials have not been registered with the United States Registrar of Copyrights.

There are no currently effective determinations of the United States Copyright Office, the USPTO or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

The Confidential Operations Manual is ~~are~~ our sole, exclusive and confidential property which we reveal to you in confidence and may only be used by you as provided in the Franchise Agreement. We may revise the contents of the Confidential Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that

the Confidential Operations Manual is kept current at all times. If there is any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling. The Confidential Operations Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement. Examples of confidential information include, without limitation: (4i) site selection, construction plans and design specifications; (2ii) methods, formats, specifications, standards, systems, procedures, sales and marketing and installation techniques; (3iii) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4iv) knowledge of the operating results and financial performance of other Generator Supercenter franchises; (5v) the Confidential Operations Manual; (6vi) training materials and programs; (7vii) fee information and customer data; (8viii) specifics regarding any computer software, applications and similar technology that is proprietary to us or the System; and (9ix) all password-protected portions of our website, intranets and extranets and the information they contain (including the email addresses of our franchisees).

All data that you collect from customers of the Franchised Business or through marketing is deemed to be owned exclusively by us and/or our parent or affiliate. You must install and maintain security measures and devices necessary to protect customer data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any customers. You have the right to use the customer data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If you transfer the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with us, you may transfer the customer data to the new owner as part of the going concern value of the business.

The Franchise Agreement provides that you acknowledge that your entire knowledge of the operation of the Generator Supercenter System, including the specifications, standards and operating procedures of the Generator Supercenter System, is derived from information we disclose to you and that all this information is confidential and our trade secrets. You and, if you are a corporation, partnership or limited liability company, your officers, directors, shareholders, partners, members, managers, employees and members of those persons' immediate families and their heirs, successors and assigns are prohibited from using and/or disclosing any confidential information in any manner other than as we permit in writing. You must inform your employees and others having access to confidential information of the obligation to maintain the information in confidence and subject to applicable law. All employees must sign a Confidentiality Agreement in a form satisfactory to us, giving us the right to enforce the agreement as a third party beneficiary. The Confidentiality Agreement attached as Exhibit 9(a) to the Franchise Agreement is currently considered a satisfactory form. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Confidentiality, Non-Disclosure, and Non-Compete Agreement the form of which is also attached as Exhibit 9(b) to the Franchise Agreement. All executed agreements must be forwarded to us to ensure compliance. You are responsible for assuring, before any person leaves your employment, such person returns to you all documents and materials containing our trade secrets and confidential information.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, and whether created by or for you or an employee,

will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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

We recommend that you (or, if you are an entity, your Operating Principal) personally participate in the operation of the Franchised Business. The Operating Principal must be an equity owner of at least 10% of the Franchised Business and have the authority to bind you in all operational decisions regarding the Franchised Business. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval. If you are an entity, you must be a single purpose entity and you cannot operate any other business using your entity name.

If you or your Operating Principal do not participate in the day-to-day operation of the Franchised Business, you will need a General Manager to be responsible for the direct on-premises supervision of the Franchised Business at all times during the hours of operation. Your General Manager must be approved by us. However, you are still responsible for the operations of the Franchised Business.

You or your Operating Principal (if you are an entity), your General Manager must satisfactorily attend and complete our training program.

At all times, you will keep us advised of the identity of your General Manager. We must be advised of any change within seventy-two hours. Your General Manager need not have any equity interest in the franchise. You will disclose to your General Manager only the information needed to operate the Franchised Business and the General Manager will be advised that any confidential information is our trade secret.

If you are a business entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company.

In addition, your employees are required to execute a Confidentiality Agreement in the form attached as Exhibit 9(a) to the Franchise Agreement. Your spouse (or if you are an entity, the spouses of your owners) will also be required to execute our Confidentiality, Non-Disclosure, and Non-Compete Agreement the form of which is also attached as Exhibit 9(b) to the Franchise Agreement.

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Franchised Business, we may operate your business for as long as we deem necessary and practical. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your Franchised Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern. We shall keep in a

separate account all monies generated by the operation of your Franchised Business, less our management fee, and our operating expenses, including reasonable compensation and expenses for our representatives. Your Franchised Business will still have to pay all costs under the Franchise Agreement, including royalties and Brand Fund payments. You must hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You must pay all of our reasonable attorneys' fees and costs incurred.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us. We may add, delete or alter approved products or services that you are required or allowed to offer in our sole discretion. There are no limits on our right to do so. You must discontinue selling and offering any products, services or items that we, in our sole discretion, disapprove in writing at any time. You may not conduct any other business or activity at the Franchised Business without our written permission. You are not permitted to rent out your location or host any events at your location which are not affiliated with Generator Supercenter and approved by us.

If we determine, in our sole discretion, that you are not in compliance with our System standards for any reason, we may require you to attend an in-person meeting with us, at your cost.

It is your responsibility to determine that you are complying with all laws and regulations applicable to the Franchised Business.

On a case-by-case basis, we may allow you or other franchisees to offer additional services, products or programs that are not otherwise part of the franchise System. We will decide which franchisees can offer additional services and products based on test marketing, the franchisees' qualifications and operational history, differences in regional or local markets and other factors. You may not create unapproved rewards or loyalty programs.

You may enter into agreements with home improvement retailers located within your Protected Area for such retailer to forward you leads, only upon our approval. We do not represent that you will be able to enter into any agreements with home improvement retailers located within your Protected Area.

We may establish policies and procedures governing the provision of approved services to businesses and others that are managed at a corporate level and/or have multiple offices, units, houses, facilities, services or operations located (or which we expect will be located) in more than one area ("National Account(s)"). You must comply with the National Account program policies and procedures. We reserve the exclusive right to solicit, enter into and administer national and/or regional contracts with National Accounts, provided we will offer you the opportunity to service the National Account located in the Protected Area. You may not solicit National Accounts without our written consent. You will have no right to negotiate a national or regional agreement with National Accounts without our prior written consent. If we enter into a contract with a National Account applicable to the Protected Area, you may not arrange any different terms or collect any additional fees. You may only service a National Account located in the Protected Area upon agreement to participate in the National Account program we have established for such National Account, including your compensation and

compliance with our specifications and standards. If you do not participate, we may, without any compensation to you, dispatch another franchised or company or affiliate-owned Generator Supercenter Business to service any National Account located in the Protected Area. We may provide a centralized billing system and dispatch service for National Accounts. Payment for services performed under any contract for a National Account will be contingent on receipt payment from the National Account; we do not guaranty payment by the National Account.

Except as described above, there are no limits regarding customers to whom you may sell goods and services.

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

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

**THE FRANCHISE RELATIONSHIP**

Provision	Section(s) in Franchise Agreement	Summary
a. Length of the franchise term	2.1	10 years
b. Renewal or extension of the term	2.2	You have the right to renew the franchise for 1 additional 10-year term, if you meet certain requirements.

Provision	Section(s) in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	2.2.	<p>You may renew if you: (i) have notified us of your election to renew; (ii) have the right to lease the premises for an additional 10 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our affiliate or predecessor and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our affiliate or predecessor; (vi) have executed our then-current form of Franchise Agreement; (vii) have satisfied our then-current training requirements for new franchisees; (viii) have paid the renewal fee and (ix) have executed a general release of any and all claims against us arising out of or related to the Franchise Agreement or any related agreement. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.</p>

Provision	Section(s) in Franchise Agreement	Summary
d. Termination by franchisee	9.1	You must give us 90 days' written notice to cure any default within 60 days of the event or circumstances giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach.
e. Termination by franchisor without cause	No Provision	Not applicable
f. Termination by franchisor with cause	9.2.1	We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See this Item 17(g) and (h) for further description.

Provision	Section(s) in Franchise Agreement	Summary
g. "Cause" defined – defaults which can be cured	9.2.1	<p>We have the right to terminate the Franchise Agreement, (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Proprietary Marks; (ii) after a 15-day cure period upon your failure to pay any sums owed to us <del>or</del>, our affiliate or predecessor, <u>distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors</u>; or (iii) after a 30 day cure period upon your failure to pay any sums owed to a third party other than us or our affiliate or predecessor or upon your failure to comply with any other provision not listed above or listed below as a noncurable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach.</p>

Provision	Section(s) in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	9.2.2	<p>We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if: (i) you commit any criminal acts; (ii) you are convicted or plea of guilty or nolo contendere of a felony; (iii) you commit fraud in the operation of your Franchised Business; (iv) you misrepresent yourself in any way in connection with your franchise application; (v) you file for bankruptcy or are adjudicated as bankrupt; (vi) insolvency proceedings are commenced against you; (vii) you are the subject of a lien; (viii) you become insolvent; (ix) you or your principals materially breach any other agreements with us; (x) we send you 3 or more written notices to cure within one 12-month period; (xi) you intentionally underreport or misstate any information required to be reported to us; (xii) you voluntarily or otherwise abandon the Franchised Business; (xiii) you fail to open the Franchised Business; (xiv) you lose the right to occupy the Premises; (xv) you fail to meet certain System standards, creating a threat or danger to health or safety; (xvi) any violation of health or safety laws occur at the Franchised Business; (xvii) you fail to comply with any in-term covenants; <del>(xiii)</del><a href="#">xviii</a>) you use the Confidential Information in an un-authorized manner; (xix) you fail to maintain insurance; and (xx) any unauthorized transfer.</p>

Provision	Section(s) in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	10.1	You must sign a general release, cease operation of the Franchised Business, pay all unpaid fees, discontinue using the Proprietary Marks and the proprietary computer software, return the Confidential Operations Manual and all other confidential information to us, transfer your business telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are part of the System trade dress, sell to us any inventory, furnishings, equipment, seating, tables, desks, signs or fixtures which we elect to purchase, and, at our option, assign to us, any interest you have in the lease or sublease for the Franchised Businesses' premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the Franchised Businesses' premises as may be necessary to distinguish it from a Generator Supercenter franchise under the System. You must also comply with any post-term covenants under the Franchise Agreement.
j. Assignment of contract by franchisor	8.6	We have the unrestricted right to sell, transfer, assign, and/or encumber all or any part of our interest in the Franchise Agreement.

Provision	Section(s) in Franchise Agreement	Summary
k. "Transfer" by franchisee - defined	8.3	A sale, transfer or assignment is deemed to occur if: (i) you are a corporation or limited liability company, upon any assignment, sale, pledge or transfer or increase of your voting stock; any increase in the number of outstanding voting shares which result in a change of ownership; or (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any partnership ownership interest.
l. Franchisor approval of transfer by franchisee	8.1	You may not sell, transfer, assign or encumber your interest in the franchised business without our prior written consent.

Provision	Section(s) in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	8.3.2	Approval to sell or transfer your franchise may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our affiliate or predecessor, or suppliers; (ii) the timely cure of all existing defaults under the Franchise Agreement; (iii) execution of a general release; (iv) you or the proposed transferee agrees to complete repairs and remodeling as required; and (v) providing us with a copy of the executed purchase agreement relating to the proposed transfer. The proposed transferee must satisfy any licensing requirements, have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, and have the aptitude and adequate financial resources to operate a Franchised Business. The transferee must have executed our then-current Franchise Agreement, you or the transferee have paid to us a transfer fee, and the transferee and its manager must have completed our initial training program.
n. Franchisor's right of first refusal to acquire franchisee's business	8.3.1	If you propose to transfer or assign 20% or more of your interest in the franchised business to a third party, you must first offer us the option to purchase your franchise upon the same terms as those offered by the third party.

Provision	Section(s) in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	10.1.7	If the Franchise Agreement is terminated, we have the right to purchase the assets of the franchised business. We also have the option to purchase or lease your premises. Our option may be exercised at fair market value, determined by appraisal, if the parties are unable to agree.
p. Death or disability of franchisee	8.2	Upon your death or disability, your representative must designate an operator who is acceptable to us for your Franchised Business within 60 days and transfer your interest to an approved party within 90 days. This transfer is subject to the same terms and conditions as any other transfer.
q. Non-competition covenants during the term of the franchise	7.4.1	Neither you nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business which offer generators and other products and services offered by Generator Supercenter businesses (a "Competing Business").

Provision	Section(s) in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	7.4.2	<p>The Franchise Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members for 2 years following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement:</p> <p>to own, engage in, be employed or have any interest in any Competing Business within 10 miles (or the maximum area allowed by law) of your Franchised Business location or other Generator Supercenter locations;</p> <p>to solicit business from former clients of your Franchised Business for any competitive business purpose;</p> <p>to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.</p>
s. Modification of the agreement	12.1	The Franchise Agreement may only be modified by written amendment signed by both parties. The Confidential Operations Manual is subject to change.

Provision	Section(s) in Franchise Agreement	Summary
t. Integration/merger clause	12.1	The Franchise Agreement is the entire agreement between the parties. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	12.4	The parties must submit disputes to binding arbitration through the American Arbitration Association in the then-current County and State where our corporate headquarters is located, (currently, Harris County, Texas) (except either party may pursue an action for injunctive relief), subject to state law.
v. Choice of forum	12.2	Subject to the arbitration requirement and applicable state law, dispute resolution must be in state or federal court that has general jurisdiction in the then-current County and State where our corporate headquarters is located (currently, Harris County, Texas) (subject to applicable state law).
w. Choice of law	12.2	Except for the Federal Arbitration Act or applicable federal or state law, Texas law applies (subject to applicable state law).

**ITEM 18**  
**PUBLIC FIGURES**

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

We are currently paying Sam Bennett, professional golfer, \$150,000, plus a potential bonus of \$40,000, for the right to use his name, image and likeness and to promote our products and services through various advertisements. This right expires December 31, 2024.

[Mr. Bennett does not manage or own an interest in us. Except as described above, we do not use any other public figure to promote our franchise.](#)

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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

### **Affiliate-Owned Locations**

Our parent and affiliates operate four Generator Supercenter locations in Tomball, Texas (a suburb of Houston, Texas), Tyler, Texas, Rockwall, Texas (in the greater Dallas, Texas area) and Fort Worth, Texas. [We have not reported figures of our parent-owned satellite location in Waukesha, Wisconsin, as it was not opened for the entire year of 2023.](#) The following represents the actual Gross Revenues for our parent and affiliate-owned locations for the calendar years of ~~2024~~2022 and ~~2023~~2022:

	Tomball, TX	Rockwall, TX	Tyler, TX	Fort Worth, TX
<a href="#">Gross Revenues (2023)</a>	<a href="#">\$70,932,233</a>	<a href="#">\$9,556,472</a>	<a href="#">\$8,892,418</a>	<a href="#">\$4,778,076</a>
<b>Gross Revenues (2022)</b>	\$61,395,099	\$8,546,557	\$7,800,705	\$4,483,564
<a href="#">Gross Revenues (2021)</a>	<a href="#">\$48,480,726</a>	<a href="#">\$5,704,854</a>	<a href="#">\$3,905,102</a>	<a href="#">\$1,296,027</a>
<b>Date Opened</b>	2005	April 2015	March 2016	January 2021

The following represents the actual Gross Revenues, COGS (as defined below) and Gross Profit (as defined below) for our parent and affiliate-owned locations for the calendar year of ~~2023~~2022:

<b>Operating Results for the Reported 4 <a href="#">Parent and</a> Affiliate-Owned Generator Supercenter Locations For the Calendar Year of <del>2023</del>2022</b>			
	<b>Gross Revenues</b>	<b>COGS</b>	<b>Gross Profit</b>
<b>Tomball, TX</b>	<del>\$61,395,099</del> <a href="#">70,932,233</a>	<del>\$45,915,972</del> <a href="#">252,567,549</a>	<del>\$15,479,126</del> <a href="#">18,364,684</a>
<b>Rockwall,</b>	<del>\$8,546,557</del> <a href="#">9,556,472</a>	<del>\$6,389,888</del> <a href="#">022,533</a>	<del>\$2,156,669</del> <a href="#">3,533,938</a>

**Operating Results for the Reported 4  
Parent and Affiliate-Owned Generator Supercenter Locations  
 For the Calendar Year of ~~2023~~2022**

TX			
<b>Tyler, TX</b>	<del>\$7,800,705</del> <u>8,892,418</u>	<del>\$5,808,033</del> <u>6,549,767</u>	<del>\$1,992,671</del> <u>2,342,651</u>
<b>Fort Worth, TX</b>	<del>\$4,483,564</del> <u>778,076</u>	<del>\$3,089,143</del> <u>503,318</u>	<del>\$1,394,420</del> <u>274,758</u>

**Franchisee-Owned Locations**

We had 2740 franchisee-owned locations which operated for the entire 20232022 calendar year. The below table reflects 38 of these locations. We excluded the two franchisee-owned locations operating in Detroit and Grand Rapids, Michigan, as we were unable to obtain necessary financial information from the franchisee operating these locations. The following represents the Gross Revenues, COGS and Gross Profit for these 2738 franchisee-owned locations for the calendar year of 20232022.

Operating Results for the Reported 2738 Franchisee-Owned Generator Supercenter Locations For the Calendar Year of 20232022						
		Average		Number of Stores Which Performed Better than Average	Median	High
Location	Gross Revenues	Revenue	COGS	15 of 38 (39.47%)	Gross Profit	
		\$4,657,391			\$3,776,231	\$16,309,022
Location A		\$24,827,725	\$15,544,570		\$9,283,155	
Location B		\$13,240,351	\$9,586,588		\$3,833,762	
Location C		\$9,725,345	\$5,460,545		\$4,264,800	
Location D		\$8,492,234	\$5,338,529		\$3,153,704	
Location E		\$7,051,856	\$4,446,909		\$2,604,946	
Location F		\$6,336,761	\$4,730,351		\$1,636,409	
Location G		\$6,105,983	\$3,876,448		\$2,229,535	
Location H		\$5,694,362	\$3,652,652		\$2,041,710	
	COGS	\$5,233,934		14 of 38 (36.84%)	\$2,426,632	\$12,813,964
			\$2,807,301		981,292	
Location J		\$5,214,476	\$3,913,783		\$1,300,693	
Location K		\$5,065,127	\$2,613,018		\$2,452,108	
Location L		\$5,022,433	\$2,484,039		\$2,538,394	
Location M		\$5,002,757	\$2,584,439		\$2,418,317	
	Gross Profit			\$3,324,696	\$1,646,604	\$4,005,354
			\$4,971,298	15 of 38 (39.47%)	1,676,098	
Location O		\$4,860,432	\$2,601,693		\$2,258,738	
Location P		\$4,731,891	\$3,012,107		\$1,719,784	
Location Q		\$4,461,190	\$2,975,358		\$1,485,832	
Location R		\$4,381,482	\$2,926,611		\$1,454,870	
Location S		\$4,056,851	\$2,010,985		\$2,045,866	
Location T		\$4,018,986	\$2,381,648		\$1,637,338	
Location U		\$3,959,551	\$2,554,637		\$1,404,913	
Location V		\$3,849,626	\$2,404,583		\$1,445,042	
Location W		\$2,635,037	\$1,753,462		\$881,575	
Location X		\$2,599,301	\$1,975,687		\$623,613	
Location Y		\$2,480,356	\$1,545,678		\$934,678	
Location Z		\$2,244,576	\$1,378,929		\$865,646	
Location AA		\$1,232,370	\$761,448		\$470,922	

Notes regarding the above financial performance representations:

These results represent services and products that will be available for franchisees to sell.

There are no material financial or operational characteristics of the parent and affiliate-owned outlets that are reasonably anticipated to differ materially from operational franchise outlets.

The supplier cost structure related to COGS in the above tables is based upon the volume of purchases for each Generator Supercenter location. This cost structure is the same for parent and affiliate-owned and franchisee-owned Generator Supercenter locations.

These results are unaudited.

“Gross Revenues” means any and all income (calculated on an accrual basis) of every kind and nature related to, derived from, or originating from the Franchised Business, and shall include, without limitation, all revenues from sales made by Franchisee from all business conducted at or from, or in connection with the Franchised Business, including but not limited to any and all amounts received or derived from the sale of all goods and services (including any monies received during pre-sales, business interruption insurance proceeds, rebate income, and warranty payments or income) and tangible property of any nature, all without deduction for expenses, including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities, or customer refunds or adjustments.

“COGS” means Cost of Goods Sold. COGS is the direct costs attributable to the production of the goods sold in the Generator Supercenter business. This amount includes the cost of the materials used in creating the good along with the direct labor costs used to produce the good. It excludes indirect expenses such as owner’s distribution costs.

“Gross Profit” means Gross Revenues less COGS.

Our parent and affiliates do not operate under a franchise agreement. They do not pay franchise fees or other fees outlined in Item 6.

~~—The franchise-owned locations in the table above have been listed in order of the highest Gross Revenues to the lowest Gross Revenues.~~

We have compiled the above information related to our parent and affiliates from internal, unaudited financial statements for the period indicated. These financial statements were not prepared in accordance with Generally Accepted Accounting Principles (GAAP), but are believed to be reliable. The following information related to our franchisees results were obtained from reports provided by our franchisees for the periods reported, and have not been verified beyond receipt of such reports.

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

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

Other than the preceding financial performance representation, 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 Matthew Metcalfe, 23123 State Highway 249, Tomball, Texas 77375, and 281-251-6100, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary**  
For years ~~2020~~2021 to ~~2023~~2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	<del>2020</del> 2021	<u>1217</u>	<u>1727</u>	<u>+510</u>
Franchised	<del>2022</del> 2024	<u>1727</u>	<u>2740</u>	<u>+1013</u>
	<del>2022</del> 2023	<u>2740</u>	<u>4255</u>	<u>+15</u>
	<del>2021</del> 2020	<u>34</u>	<u>4</u>	<u>+10</u>
Company-Owned or	<del>2022</del> 2024	<u>4</u>	<u>4</u>	<u>0</u>
Affiliate-Owned	<del>2023</del> 2022	<u>4</u>	<u>4</u>	<u>0</u>
	<del>2021</del> 2020	<u>1521</u>	<u>2131</u>	<u>+610</u>
<b>Total Outlets</b>	<del>2021</del> 2022	<u>2131</u>	<u>3144</u>	<u>+1013</u>
	<del>2023</del> 2022	<u>3144</u>	<u>4659</u>	<u>+15</u>

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
For years ~~2020~~2021 to ~~2023~~2022

State	Year	Number of Transfers
	<del>2021</del> 2020	<u>0</u> <u>1</u>
Florida	<del>2022</del> 2024	<u>1</u> <u>0</u>
	<u>2023</u>	<u>1</u>
	<u>2021</u>	<u>0</u>
<u>North Carolina</u>	2022	0
	<del>2020</del> 2023	<u>0</u> <u>1</u>
<b>Total</b>	<b>2021</b>	<b>1</b>
<b>Total</b>	<b>2022</b>	<b>0</b>
	<u>2023</u>	<u>2</u>

**Table No. 3**  
**Status of Franchised Outlets**  
For years ~~2020~~2021 to ~~2023~~2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama Arkansas	<del>2021</del> <u>2020</u>	0	0	0	0	0	0	0
	<del>2022</del> <u>2021</u>	0	0	0	0	0	0	0
	<del>2023</del> <u>2022</u>	0	1	0	0	0	0	1
Florida Arkansas	<del>2021</del> <u>2020</u>	<u>40</u>	<u>20</u>	0	0	0	0	<u>60</u>
	<del>2021</del> <u>2022</u>	<u>60</u>	<u>01</u>	0	0	0	0	<u>61</u>
	<del>2022</del> <u>2023</u>	<u>61</u>	<u>20</u>	0	0	0	0	<u>81</u>
Georgia California	<del>2021</del> <u>2020</u>	<u>20</u>	0	0	0	0	0	<u>20</u>
	<del>2022</del> <u>2021</u>	<u>20</u>	0	0	0	0	0	<u>20</u>
	<del>2022</del> <u>2023</u>	<u>20</u>	<u>01</u>	0	0	0	0	<u>21</u>
Colorado	<del>2021</del> <u>2020</u>	0	0	0	0	0	0	0
Kentucky	<del>2022</del> <u>2021</u>	0	0	0	0	0	0	0
	<del>2022</del> <u>2023</u>	0	1	0	0	0	0	1
Florida	<del>2021</del> <u>2020</u>	<u>06</u>	0	0	0	0	0	<u>06</u>
Louisiana	<del>2022</del> <u>2021</u>	<u>06</u>	0	0	0	0	0	<u>06</u>
	<del>2022</del> <u>2023</u>	<u>06</u>	<u>24</u>	0	0	0	0	<u>21</u> <u>2</u>
Georgia	<del>2021</del> <u>2020</u>	<u>02</u>	0	0	0	0	0	<u>02</u>
Maine	<del>2022</del> <u>2021</u>	<u>02</u>	0	0	0	0	0	<u>02</u>
	<del>2023</del> <u>2022</u>	<u>02</u>	<u>40</u>	0	0	0	0	<u>42</u>
	<del>2021</del> <u>2020</u>	0	0	0	0	0	0	0

<a href="#">Indiana</a>	<a href="#">2022</a>	0	0	0	0	0	0	0
	<a href="#">2021</a>							
<a href="#">Maryland</a>	<a href="#">2022</a>	0	<a href="#">21</a>	0	0	0	0	<a href="#">21</a>
	<a href="#">2023</a>							
<a href="#">Mass.</a>	<a href="#">2021</a>	0	0	0	0	0	0	0
	<a href="#">2020</a>							
	<a href="#">2022</a>	0	1	0	0	0	0	1
<a href="#">Kentucky</a>	<a href="#">2022</a>	1	0	0	0	0	0	1
	<a href="#">2023</a>							
<a href="#">Mich.</a>	<a href="#">2021</a>	0	0	0	0	0	0	0
	<a href="#">2020</a>							
	<a href="#">2022</a>	0	<a href="#">42</a>	0	0	0	0	<a href="#">42</a>
<a href="#">Louisiana</a>	<a href="#">2022</a>	<a href="#">42</a>	1	0	0	0	0	<a href="#">23</a>
	<a href="#">2023</a>							
<a href="#">New Hamp.</a>	<a href="#">2021</a>	0	<a href="#">40</a>	0	0	0	0	<a href="#">40</a>
	<a href="#">2020</a>							
	<a href="#">2022</a>	<a href="#">40</a>	<a href="#">01</a>	0	0	0	0	1
<a href="#">Maine</a>	<a href="#">2023</a>	1	0	0	0	0	0	1
	<a href="#">2022</a>							

Maryland New York	<a href="#">2021 2020</a>	0	0	0	0	0	0	0
	<a href="#">2022 2021</a>	0	<u>02</u>	0	0	0	0	<u>02</u>
	<a href="#">2022 2023</a>	<u>02</u>	<u>40</u>	0	0	0	0	<u>42</u>
Mass.	<a href="#">2021</a>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<a href="#">2022</a>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<a href="#">2023</a>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Michigan	<a href="#">2021</a>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<a href="#">2022</a>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<a href="#">2023</a>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Miss.	<a href="#">2021</a>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<a href="#">2022</a>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<a href="#">2023</a>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New Hamp.	<a href="#">2021</a>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<a href="#">2022</a>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<a href="#">2023</a>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New York	<a href="#">2021</a>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<a href="#">2022</a>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<a href="#">2023</a>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
North Carolina	<a href="#">2020 2021</a>	2	0	0	0	0	0	2
	<a href="#">2022 2021</a>	2	0	0	0	0	0	2
	<a href="#">2022 2023</a>	2	0	0	0	0	0	2
Oklahoma	<a href="#">2020 2021</a>	0	<u>02</u>	0	0	0	0	<u>02</u>
	<a href="#">2022</a>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<a href="#">2023</a>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Penn.	2021	0	<u>20</u>	0	0	0	0	<u>20</u>
	2022	<u>20</u>	<u>40</u>	0	0	0	0	<u>30</u>
SC	<a href="#">2020 2023</a>	0	<u>01</u>	0	0	0	0	<u>01</u>
SC	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	<a href="#">2023</a>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>

Tenn.	<u>2020</u> <u>2021</u>	0	<u>01</u>	0	0	0	0	<u>01</u>
	<u>2021</u> <u>2022</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2022	1	0	0	0	0	0	1
Texas	<u>2020</u> <u>2023</u>	<u>41</u>	<u>20</u>	0	0	<u>40</u>	0	<u>51</u>
Texas	2021	5	3	0	0	0	0	8
	2022	8	1	0	0	0	0	9
	<u>2020</u> <u>2023</u>	<u>09</u>	<u>03</u>	0	0	0	0	<u>01</u> <u>2</u>
Utah	2021	0	0	0	0	0	0	0
Utah	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Virginia	<u>2020</u> <u>2021</u>	<u>01</u>	1	0	0	0	0	<u>12</u>
	<u>2021</u> <u>2022</u>	<u>4</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	0	0	0	2
Total	<u>2020</u> <u>2023</u>	<u>122</u>	<u>60</u>	0	0	<u>40</u>	0	<u>17</u> <u>2</u>
Total	2021	17	10	0	0	0	0	27
	2022	27	<u>1513</u>	0	0	0	0	<u>4240</u>
	<u>2023</u>	<u>40</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55</u>

**Table No. 4**  
**Status of Company-Owned or Affiliate-Owned Outlets**  
For years 20202021 to 20222023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
	<u>20202021</u>	<u>34</u>	0	<u>40</u>	0	0	4
Texas	<u>20222024</u>	4	0	0	0	0	4
	<u>20222023</u>	4	0	0	0	0	4
	<u>20202021</u>	<u>34</u>	0	<u>40</u>	0	0	4
<b>Totals</b>	<u>20222024</u>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<u>20222023</u>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

**Table No. 5**  
**Projected Openings as of December 31, ~~2022~~2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company or Affiliate-Owned Outlets in the Next Fiscal Year
Alabama	<u>23</u>	<u>13</u>	0
Arkansas	2	2	0
<del>Florida</del>	<u>8</u>	<u>2</u>	<u>0</u>
<del>California</del>	<u>4</u>	<u>4</u>	<u>0</u>
Colorado	<u>21</u>	<u>01</u>	0
<del>Delaware</del> <del>Florida</del>	<u>17</u>	<u>03</u>	0
Georgia	<u>12</u>	<u>01</u>	0
Indiana	<u>21</u>	<u>10</u>	0
<del>Louisiana</del>	<u>1</u>	<u>1</u>	<u>0</u>
Maryland	4	<u>01</u>	0
Mississippi	<u>12</u>	<u>12</u>	0
<del>Missouri</del>	<u>1</u>	<u>1</u>	<u>0</u>
North Carolina	<u>12</u>	<u>01</u>	0
<del>Louisiana</del>	<u>2</u>	<u>4</u>	<u>0</u>
Oklahoma	2	0	0
<del>Pennsylvania</del>	<u>4</u>	<u>4</u>	<u>0</u>
<del>South Carolina</del>	<u>4</u>	<u>4</u>	<u>0</u>
<del>Tenn.</del> <del>Tennessee</del>	1	0	0
Texas	<u>13</u>	<u>02</u>	0
Utah	2	0	0
Virginia	3	<u>01</u>	0
<b>Total</b>	<b><u>3837</u></b>	<b><u>11</u></b> <b><u>19</u></b>	<b>0</b>

All numbers are as of December 31<sup>st</sup> for each year.

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

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit E to

this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

## **ITEM 21** **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit F are the audited financial statements for the periods ending December 31, ~~2020~~, 2021, 2022 and 20222023. Our fiscal year end is December 31<sup>st</sup>.

## **ITEM 22** **CONTRACTS**

The following contracts are attached to this Disclosure Document:

Exhibit C – Franchise Agreement, including the following agreements:

- Approved Location/Protected Area (as Exhibit 1)
- Personal Guaranty (as Exhibit 3)
- Telephone, Internet Websites and Listing Agreement (as Exhibit 4)
- Disclosure Questionnaire (as Exhibit 5)
- Assignment of Franchise Agreement (as Exhibit 6)
- Electronic Transfer Authorization (as Exhibit 7)
- Collateral Assignment of Lease (as Exhibit 8)
- Confidentiality Agreements (as Exhibit 9)

Exhibit G – Form of Release

Exhibit H – Form of Transfer Agreement

## **ITEM 23** **RECEIPT**

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

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

<p><b><u>CALIFORNIA</u></b></p> <p>Department of Financial Protection and Innovation</p> <p>320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (866) 275-2677</p> <p>Agent: California Commissioner of Financial Protection and Innovation</p>	<p><b><u>CONNECTICUT</u></b></p> <p>State of Connecticut          Department of Banking          Securities &amp; Business Investments Division          260 Constitution Plaza          Hartford, CT 06103-1800          (860) 240-8230</p> <p>Agent:          Banking Commissioner</p>
<p><b><u>HAWAII</u></b></p> <p>Commissioner of Securities          Department of Commerce and Consumer Affairs          335 Merchant Street          Honolulu, Hawaii 96813          (808) 586-2744</p> <p>Agent:          Commissioner of Securities of the Department of Commerce and Consumer Affairs</p>	<p><b><u>ILLINOIS</u></b></p> <p>Franchise Division          Office of Attorney General          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p> <p>Agent:          Illinois Attorney General</p>
<p><b><u>INDIANA</u></b></p> <p>Franchise Section          Indiana Securities Division          Room E-111          302 West Washington Street          Indianapolis, Indiana 46204          (317) 232-6681</p> <p>Agent:          Indiana Secretary of State          Indiana Securities Division          201 State House          200 West Washington Street          Indianapolis, IN 46204          (317) 232-6531</p>	<p><b><u>MARYLAND</u></b></p> <p>Office of the Attorney General          Securities Division          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p> <p>Agent:          Maryland Securities Commissioner</p>

<p><b><u>MICHIGAN</u></b></p> <p>Consumer Protection Division  Antitrust and Franchise Unit  Michigan Department of Attorney General  670 Law Building  Lansing, Michigan 48913  (517) 373-7177</p> <p>Agent:  Michigan Department of Commerce  Corporations and Securities Bureau  P.O. Box 30054  6546 Mercantile Way  Lansing, Michigan 48909</p>	<p><b><u>MINNESOTA</u></b></p> <p>Minnesota Department of Commerce  85 7<sup>th</sup> Place East, Suite 500  St. Paul, Minnesota 55101-2198  (651) 296-6328</p> <p>Agent:  Minnesota Commissioner of Commerce</p>
<p><b><u>NEBRASKA</u></b></p> <p>Nebraska Department of Banking and Finance  1200 N Street  P.O. Box 95006  Lincoln, Nebraska 68509-5006</p>	<p><b><u>NORTH CAROLINA</u></b></p> <p>Department of the Secretary of State  PO Box 29622  Raleigh, NC 27626-0622</p>
<p><b><u>NEW YORK</u></b></p> <p>NYS Department of Law  Investor Protection Bureau  28 Liberty St. 21st FL  New York, NY 10005  212-416-8222</p> <p>Agent:  Secretary of State  99 Washington Avenue  Albany, NY 12231</p>	<p><b><u>NORTH DAKOTA</u></b></p> <p>North Dakota Securities Department  600 East Boulevard Avenue  State Capitol – Fifth Floor, Dept. 414  Bismarck, North Dakota 58505-0510  (701) 328-4712</p> <p>Agent:  North Dakota Securities Department</p>
<p><b><u>OREGON</u></b></p> <p>Department of Insurance and Finance  Corporate Securities Section  Labor and Industries Building  Salem, Oregon 97310  (503) 378-4387</p> <p>Agent:  Director of Oregon Department of Insurance and Finance</p>	<p><b><u>RHODE ISLAND</u></b></p> <p>Division of Securities  Suite 232  233 Richmond Street  Providence, Rhode Island 02903  (401) 222-3048</p> <p>Agent:  Director of Rhode Island Department of Business Regulation</p>

<p><b><u>SOUTH DAKOTA</u></b></p> <p>Division of Securities  c/o 118 West Capitol  Pierre, South Dakota 57501  (605) 773-4013</p> <p>Agent:  Director of South Dakota Division Securities</p>	<p><b><u>TEXAS</u></b></p> <p>Secretary of State  P.O. Box 12887  Austin, Texas 78711</p>
<p><b><u>VIRGINIA</u></b></p> <p>Administrator:  State Corporation Commission  Division of Securities and Retail Franchising  1300 East Main Street, 9<sup>th</sup> Floor  Richmond, Virginia 23219  (804) 371-9051</p> <p>Agent:  Clerk of the State Corporation Commission  1300 East Main Street, 1<sup>st</sup> Floor  Richmond, Virginia 23219  (804) 371-9733</p>	<p><b><u>WASHINGTON</u></b></p> <p>Director  Washington Department of Financial  Institutions  Securities Division  150 Israel Road SW  Tumwater, Washington 98501  (360) 902-8760</p> <p>Agent: Securities Administrator, Director of  Department</p>
<p><b><u>WISCONSIN</u></b></p> <p>Securities and Franchise Registration  Wisconsin Securities Commission  345 West Washington Street, 4<sup>th</sup> Floor  Madison, Wisconsin 53703  (608) 266-3431</p> <p>Agent:  Wisconsin Commissioner of Securities</p>	

**EXHIBIT B**  
**STATE SPECIFIC ADDENDUM**

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**CALIFORNIA LAW MODIFICATIONS**

1. The California Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Relations Act, Cal. Bus. Prof. Code, Division 8, Chapter 5.5, Section 20000-20043 (the "Act"). To the extent that the Disclosure Document and/or Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. All appendices to the Disclosure Document are hereby amended to include the following provision: "THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT."

b. All appendices to the Disclosure Document are hereby amended to include the following provision: "SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT."

c. THE Generator Supercenter WEBSITE ([www.generatorsupercenter.com](http://www.generatorsupercenter.com)) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

d. Item 3 of the Disclosure Document is supplemented by the addition of the following paragraph: "No person identified in Item 2 above 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 these persons from membership in such association or exchange."

e. Item 6 of the Disclosure Document is amended by adding the following to the Remarks in the "Late Fee and Interest on Overdue Payments" section: "The maximum allowable interest rate in California is 10% per annum."

f. Item 17 of the Disclosure Document and the Agreement are hereby amended to include the following paragraph: "California Business and Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal

of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

g. Item 17 of the Disclosure Document and the Agreement are hereby further amended to include the following paragraph: “The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.”

h. The Agreement contains provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

i. The Agreement requires binding arbitration. The arbitration will occur at (Houston, Texas). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

j. The Franchise Agreement require application of the laws of the State of Texas. This provision might not be enforceable under California law.

k. Section 31125 of the California Corporations Code requires Generator Supercenter to give franchisee a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

l. The Agreement requires prospective Franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Act in order to purchase our franchise. Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Act.

m. The Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

n. Exhibit 5 of the Agreement, titled “Disclosure Questionnaire,” is hereby deleted and shall have no force or effect.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met. [SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Franchise Agreement on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**  
\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**ILLINOIS LAW MODIFICATIONS**

- 1) The Illinois Attorney General requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 – 705/44 (the "Act"), specifically section 705/41 of the Act. To the extent that the Disclosure Document and/or Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

The Agreement requires the Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action of Generator Supercenter that would violate the Act, or a rule or order under the Act. Such release shall exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act. Section 41 of the Act states that any condition, stipulation, or provision (in our Agreement) purporting to waive compliance with any provision of this Act **or any other law of this State** is void.

The Agreement and Item 17 of the Disclosure Document designate a jurisdiction, forum and venue and choice of law outside of Illinois. This requirement shall not be interpreted to limit any rights that Franchisee may have under Sec. 705/4 of the Act, to bring suit in the state of Illinois. Applicable sections of the Franchise Agreement and Item 17v and 17w of the Disclosure Document are hereby amended to indicate Illinois as the governing law and choice of forum.

The Agreement contains certain provisions regarding termination and non-renewal of franchise and notice and opportunity to cure. To the extent any provision of the Agreement and/or the Disclosure Document are inconsistent with Sections 705/19 - 705/20 of the Act, those provisions of the Agreement and/or Disclosure Document are hereby amended accordingly.

Exhibit 5 of the Agreement, titled "Disclosure Questionnaire," is hereby deleted and shall have no force or effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Agreement on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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



Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Franchise Agreement on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**MARYLAND LAW MODIFICATIONS**

1. The Maryland Office of the Attorney General requires that certain provisions contained in franchise documents be amended to be consistent with the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 et. seq. (2010 Repl. Vol. and Supp. 2012). To the extent that the Disclosure Document and/or Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended.

2. **Releases**. Item 17.c. and 17.m. of the Disclosure Document are amended as follows:

The general release language required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The following language is added to the end of Sections 3.05(c) and 13.02(h) of the Agreement:

However, such general release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **Insolvency**. Item 17.h. of the Disclosure Document is amended as follows:

The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

The following language is added to the end of Section 14.02(a) of the Agreement:

; termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisee and Generator Supercenter agree to enforce this provision to the maximum extent the law allows.

4. **Consent to Jurisdiction.** Item 17.v. of the Disclosure Document is amended as follows:

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

The following language is added to the end of Section 24.01(d) of the Agreement:

However, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Acknowledgements.**

The following language is added as a new Section 22.01(i) of the Agreement:

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.

6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

7. **Disclosure Questionnaire.**

Exhibit 5 of the Agreement, titled "Disclosure Questionnaire," is hereby deleted and shall have no force or effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Agreement on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF MICHIGAN**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement and Area Development Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability ("Generator Supercenter"), each dated \_\_\_\_\_, 20\_\_\_\_ (collectively, the "Agreements") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**MICHIGAN LAW MODIFICATIONS**

1. The Michigan Department of Attorney General requires that certain provisions contained in franchise documents be amended to be consistent with the Michigan Franchise Law, Michigan Statute Act 269 of 1974 as Amended Sections 445.1501 through 445.1546, which regulates the sale of franchises to be located in Michigan or to be sold to residents of Michigan. Registration is required by the franchisor offering and selling the franchise. To the extent that the Disclosure Document and/or Agreements contain provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Agreements and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the

same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

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

(h) A provision that requires 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 Agreements and has failed to cure the breach in the manner provided in subdivision (c).

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

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

**Any questions regarding this notice should be directed to:**

**State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Franchise Unit  
P.O. Box 30213  
Lansing, MI 48909**

**(517) 373-7117**

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Michigan law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreements, Generator Supercenter reserves the right to challenge the enforceability of the state law.

4. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have fully and duly executed, sealed and delivered this Amendment on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC,**  
a Texas limited liability company

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

**FRANCHISEE:**  
\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**MINNESOTA LAW MODIFICATIONS**

1) The Minnesota Department of Commerce requires that certain provisions contained in franchise documents be amended to be consistent with the Minnesota Franchise Law, Minnesota Statute Chapter 80C, which regulates the sale of franchises to be located in Minnesota or to be sold to residents of Minnesota. Registration is required by the franchisor offering and selling the franchise. To the extent that the Disclosure Document and/or Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Agreement requires the Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action of Generator Supercenter that would violate the Act, or a rule or order under the Act. Minn. Rule 2860.4400D prohibits requiring a franchisee to assent to a general release. Any release of claims or acknowledgment of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Minnesota Franchises Act or a rule or order promulgated thereunder shall be void with respect to claims arising under the Minnesota Franchises Act.

b. The following language must amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections of the Franchise Disclosure Document and agreement(s):

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

c. The Minnesota Department of Commerce requires that Generator Supercenter indemnify you against liability to third parties for infringement resulting from your use of the trademarks licensed under the Agreement. Article 10 of the Agreement describes the circumstances under which Generator Supercenter will indemnify you against third party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in Article 10 of the Agreement.

d. Sec. 80C.17, Subd. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than three (3) years after the cause of action accrues. To the extent that the Agreement conflicts with this law, the Minnesota law will control.

e. The Agreement contains certain provisions regarding termination and non-renewal of franchise and notice and opportunity to cure. To the extent any provision of this Agreement and/or the Disclosure Document are inconsistent with respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement, those provisions of the Agreement and/or Disclosure Document are hereby amended accordingly. Requirements imposed under the Minnesota Franchise Act will supersede inconsistent provisions contained in the Agreement.

f. Any section of the Agreement (pertaining to liquidated damages) is hereby deleted; provided, that such deletion shall not excuse you from liability for actual or other damages and the formula for assessing liquidated damages shall be admissible in any litigation or proceeding as evidence of actual damages.

g. 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. To the extent that the Agreement conflicts with this law, the Minnesota law will control.

h. Exhibit 5 of the Agreement, titled "Disclosure Questionnaire," is hereby deleted and shall have no force or effect.

- 2) Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.
- 3) As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Generator Supercenter reserves the right to challenge the enforceability of the state law.
- 4) All other provisions of the Agreement are hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have fully and duly executed, sealed and delivered this Amendment on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF NEW YORK**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between Franchisee ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**NEW YORK LAW MODIFICATIONS**

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 SERVICES OR 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 THIS 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 to be added at the end of Item 3:

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

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

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

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

misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Franchise Agreement on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement and Area Development Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), each dated \_\_\_\_\_, 20\_\_\_\_ (collectively, the "Agreements") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreements (this "Amendment"):

**NORTH DAKOTA LAW MODIFICATIONS**

1. The North Dakota Securities Commissioner requires that certain provisions contained in Disclosure Document and Agreements be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (the "Act"). To the extent that the Disclosure Document and Agreements contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. Any release of claims under the Agreements required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Act.

b. Any provision of the Agreements requiring Franchisee to consent to the jurisdiction of courts in Texas will not apply to the extent prohibited by the Act.

c. Sections 18.2.3 and 18.3 of the Franchise Agreement and Sections 8.2.3 and 8.3 of the Area Development Agreement shall each be revised by adding the following as the last sentence thereof: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

d. Any provision of the Agreements requiring it be governed by the laws of the State of Texas will not apply to the extent prohibited by the Act, and North Dakota law will control.

e. The provisions of the Agreements requiring mediation or arbitration to be conducted in a forum other than the State of North Dakota will not apply to the extent prohibited by the Act. Arbitration or mediation involving a franchise purchased in the State of North Dakota must be held in a location mutually agreed upon by the parties, and may not be remote from the Franchisee's place of business.

f. Liquidated damages and termination penalties under the Agreements will not apply to the extent prohibited by the Act.

g. Any provision of the Agreements requiring waiver of trial by jury, waiver of the federal statute know as RICO, or waiver of exemplary and punitive damages, shall be unenforceable with respect to claims under the Act.

h. Any provision of the Agreements requiring Franchisee to consent to a limitation of claims within a certain time period, shall be unenforceable, and the statute of limitations under North Dakota law shall apply.

i. Exhibit 5 of the Franchise Agreement, titled "Disclosure Questionnaire," is hereby deleted and shall have no force or effect.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Agreements on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC,**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF RHODE ISLAND**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement and Area Development Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability ("Generator Supercenter"), each dated \_\_\_\_\_, 20\_\_ (collectively, the "Agreements") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

Notwithstanding anything to the contrary set forth in the Agreements, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island:

1. Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, 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."

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Agreements on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC,**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**AMENDMENT TO GENERATOR SUPERCENTER FRANCHISING, LLC  
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT  
FOR THE STATE OF VIRGINIA**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**VIRGINIA LAW MODIFICATIONS**

1) The Virginia Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Virginia law, including the Retail Franchising Act, Sections 13.1-557 through 13.1-574 of the Virginia Code (the "Act"). To the extent that the Disclosure Document and/or Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Agreement requires the Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action of Generator Supercenter that would violate the Act, or a rule or order under the Act. Such release shall exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

b. The Agreement designates a jurisdiction and venue outside of the State of Virginia. This requirement shall not be interpreted to limit any rights that Franchisee may have under the Act to bring suit in the state of Virginia.

c. The Franchise Agreement requires prospective Franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Act in order to purchase our franchise. Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Act.

d. Any claims arising under the Act must be brought within 4 years after the grant of the franchise.

e. The Agreement contains certain provisions regarding the termination and non-renewal of a franchise. To the extent any provision of this Agreement and/or the Disclosure Document are inconsistent with Section 13.1-565 of the Act, those provisions of the Agreement and/or Disclosure Document are hereby amended accordingly.

f. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Generator Supercenter Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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.

g. Exhibit 5 of the Agreement, titled "Disclosure Questionnaire," is hereby deleted and shall have no force or effect.

2) Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Franchise Agreement on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
FRANCHISE AGREEMENT, DISCLOSURE ACKNOWLEDGEMENT STATEMENT  
AND RELATED AGREEMENTS**

The Generator Supercenter Franchising, LLC Disclosure Document (the "Disclosure Document") and Franchise Agreement between \_\_\_\_\_ ("Franchisee") and Generator Supercenter Franchising, LLC, a Texas limited liability company ("Generator Supercenter"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Disclosure Document and Agreement (this "Amendment"):

**WASHINGTON LAW MODIFICATIONS**

The Washington Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, RCW 19.100 (the "Act"). To the extent that the Disclosure Document and/or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

In the event of a conflict of laws, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

The State of Washington statute RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed

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

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

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

Section 9.1 of the Franchise Agreement shall be revised such that Franchisee shall not waive any rights with respect to a claim before the state, a federal regulator or a governmental entity.

The following language is removed from Section 13.1 of the Franchise Agreement: "Franchisee acknowledges that no representations, promises, inducements, guarantees or warranties of any kind were made by or on behalf of franchisor which have led franchisee to enter into this agreement."

The second paragraph of Section 13.1 of the Franchise Agreement shall be revised to read as follows: "Franchisee specifically acknowledges that he or she has not received (nor has franchisor or anyone else provided) any statements, promises or representations that franchisee will succeed in the franchised business; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your initial franchise fee or other payments to franchisor; or receive any rights, goods, or service not expressly set forth in this agreement."

The last sentence of Section 13.4 of the Franchise Agreement shall be revised to read as follows: "FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE."

Section 13.8 of the Franchise Agreement is hereby deleted.

Section 13.10 of the Franchise Agreement shall be revised to read as follows: "Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has

not received any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement.”

Exhibit 5 of the Franchise Agreement, titled “Disclosure Questionnaire,” does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Exhibit G to the Disclosure Document, titled “Form of Release,” shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The undersigned does hereby acknowledge receipt of this Amendment.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed and delivered this Amendment to the Disclosure Document and Franchise Agreement on the \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**GENERATOR SUPERCENTER FRANCHISING, LLC**  
a Texas limited liability company

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

**FRANCHISEE:**

\_\_\_\_\_

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

**EXHIBIT C**  
**FRANCHISE AGREEMENT**

GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT



THE STANDBY POWER PEOPLE®

SUMMARY PAGE

- 1. Franchisee: \_\_\_\_\_
- 2. Effective Date: \_\_\_\_\_
- 3. ~~Business~~ Approved Location: \_\_\_\_\_
- 4. Protected Area: \_\_\_\_\_  
(As further described in Exhibit 1.)

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EXHIBIT 1 - APPROVED LOCATION; PROTECTED AREA

EXHIBIT 2 - STATEMENT OF OWNERSHIP INTEREST

EXHIBIT 3 - PERSONAL GUARANTY

EXHIBIT 4 - TELEPHONE, INTERNET WEBSITES AND LISTING AGREEMENT

EXHIBIT 5 - DISCLOSURE QUESTIONNAIRE

EXHIBIT 6 - ASSIGNMENT OF FRANCHISE AGREEMENT

EXHIBIT 7 - ELECTRONIC TRANSFER AUTHORIZATION

EXHIBIT 8 - COLLATERAL ASSIGNMENT OF LEASE

EXHIBIT 9 - CONFIDENTIALITY AGREEMENTS

## GENERATOR SUPERCENTER FRANCHISING, LLC

### FRANCHISE AGREEMENT

THIS AGREEMENT is entered into and made effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Generator Supercenter Franchising, LLC, a Texas limited liability company, with its principal business address at 23123 State Highway 249, Tomball, TX 77375 ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ with a principal address at \_\_\_\_\_ ("Franchisee").

### BACKGROUND

**A.** Franchisor and/or its equity owners, parent, predecessor, or affiliate, through the expenditure of considerable money, time and effort, have developed a system (the "Generator Supercenter System" or "System") for the establishment, development and operation of Generator Supercenter businesses (each a "Generator Supercenter Business"). The System includes distinctive design, decor, color schemes, fixtures, and furnishings; standards and specifications for products, equipment, materials and supplies; know-how and trade secrets; marketing and promotional programs; and uniform standards, specifications, and procedures for operation of a Generator Supercenter Business pursuant to the Confidential Operations Manual provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

**B.** The Generator Supercenter System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark "Generator Supercenter" and other identifying marks and symbols that Franchisor uses now or may later use as part of the Generator Supercenter System (the "Proprietary Marks"). The Proprietary Marks are owned by Franchisor's affiliate, Generator Supercenter, Inc., a Texas corporation, and it has licensed them to Franchisor so that Franchisor may sub-license them to its franchisees. Franchisor intends to use the Proprietary Marks to identify to the public Franchisor's standards of quality and the services marketed under the Proprietary Marks.

**C.** Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Generator Supercenter Business.

**D.** Franchisee has applied to Franchisor for a franchise to operate a Generator Supercenter Business using the System and Proprietary Marks and to receive the training, confidential information and other assistance Franchisor provides. Franchisor has approved Franchisee's application in reliance upon all of the representations made in the application.

**E.** By executing this Agreement, Franchisee acknowledges the importance of Franchisor's quality and service standards and agrees to operate Franchisee's business in accordance with those standards and as described in the System. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee's business, to the System and to all Franchisor's franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:

## 1. GRANT OF FRANCHISE

**1.1 Grant and Acceptance.** Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate a Generator Supercenter Business using the Generator Supercenter System and the Proprietary Marks pursuant to this Agreement (the "Franchised Business"). Franchisee shall use the Proprietary Marks, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time, in connection with the Franchised Business.

**1.2 Protected Area; Reserved Rights.** Franchisee shall establish and operate the Franchised Business within the protected area identified in Exhibit 1 to this Agreement (the "Protected Area"). Provided Franchisee complies with the terms of this Agreement, Franchisor shall not own, operate, franchise or license any other Generator Supercenter Business location within the Protected Area, except Franchisor reserves the right to do so in other channels of distribution as described in Section 1.3. Franchisor and/or Franchisor's affiliates, retain all other rights, including without limitation, the unrestricted rights (i) to distribute products and services as described in Section 1.3, both within and outside the Protected Area; (ii) to use and to license others to use, the System for the operation and licensing of other Generator Supercenter Businesses at any locations outside of the Protected Area; (iii) to manage National Accounts as set forth in Section 1.6; and (iv) to establish and operate, and allow others to establish and operate, businesses operating under different trade names, trademarks or service marks that may offer products and services which are identical or similar to products and services offered by Generator Supercenter, inside or outside the Protected Area.

**1.3 Other Channels of Distribution.** Subject to the restrictions in Section 1.2, Franchisor and Franchisor's, parent, predecessor and affiliate, reserve the unrestricted right to offer products and services, for rent or purchase, whether now existing or developed in the future, identified by the Proprietary Marks or other marks Franchisor and/or Franchisor's parent, predecessor and/or affiliate, own or license, through any distribution method they may establish, and may franchise or license others to do so, both within and outside the Protected Area, regardless of whether the offering of products or services in the other channels of distribution compete with the Franchised Business. These other channels of distribution may include locations and venues other than a Generator Supercenter Business, including but not limited to, retail establishments, the Internet, and any similar outlets or distribution methods as Franchisor and/or its parent, predecessor and/or affiliate, determine, in their sole discretion. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor's parent, predecessor, affiliate, or other franchisees or licensees or any other party receives in connection with the alternate channels of distribution. For the avoidance of doubt, and in no way limiting the foregoing, Franchisee acknowledges and agrees that Franchisor and/or its parent, predecessor ~~and/or affiliate reserves the unrestricted right to own, operate, franchise or license, both within and outside the Protected Area,~~ businesses operating under ~~the name Generator Supercenter Green, or any proprietary marks~~ other ~~namethan the Proprietary Marks,~~ offering standby green or environmentally sustainable energy or power sources (including, without limitation, battery and/or

solar power) to residential and commercial markets, including installation, maintenance and monitoring services-, at any location within or outside the Protected Area, notwithstanding their proximity to the Protected Area or their actual or threatened impact on sales of the Franchised Business. With respect to prospective customer business developed through the efforts of Franchisor through the System website or other means, Franchisor may direct such customer business to any franchisee of the System, or service such customer business itself, in its sole discretion.

**1.4 Minimum Performance Requirements.** After the first year the Franchised Business opens, Franchisee shall be required to average sales of no less than fifteen (15) generators with installation per month (the "Minimum Performance Requirements"). For purposes of clarification, generators sold which do not include installation by the Franchised Business shall not be counted toward the Minimum Performance Requirements. In the event Franchisee fails to meet the Minimum Performance Requirements, then Franchisor, at its sole option, shall have the right to (i) reduce the size of the Protected Area, (ii) sell additional franchise locations or operate company owned locations within the Protected Area and/or (iii) refuse to renew this Agreement under Section 2.2.

**1.5 Limitation on Sales; Pre-Existing Customers.** Unless Franchisor has provided written consent otherwise, it is understood and agreed that Franchisee shall be limited to soliciting, selling to and servicing customers within the Protected Area and only from the premises of the Franchised Business. Franchisee is strictly prohibited from selling any product at wholesale. To the extent another franchisee has been servicing customers in the Protected Area with Franchisor's consent, Franchisee shall have the option, within sixty (60) one hundred eighty (180) days of opening the Franchised Business, to purchase such existing customers from the other franchisee. The purchase price for such customer shall be equal to (i) the wholesale cost of any monitoring equipment sold installed by the other franchisee to the customer, plus (ii) an amount equal to twelve (12) months of maintenance payments for each customer (the "Pre-Existing Customer Purchase Price"). To the extent Franchisor grants Franchisee permission to service customers outside the Protected Area, in the event Franchisor awards a franchise territory to another franchisee where Franchisee is servicing a customer, such new franchisee will have the option to purchase any customers Franchisee is servicing in the new franchisee's territory protected area for the Pre-Existing Customer Purchase Price.

**1.6 National Accounts.** Franchisor may establish policies and procedures governing the soliciting, selling and servicing of customers that are managed at a corporate level and/or have multiple offices, units, houses, facilities, services or operations located (or which Franchisor expect will be located) in more than one area or regional/national retailers, home builders, utility providers, and anyone else deemed a national account by Franchisor ("National Account(s)"), including, without limitation, Costco, Lowes, and Home Depot. Franchisee will comply with all policies and procedures, including any amendments thereto included in this Section 1.6, the Confidential Operations Manual or otherwise in writing with respect to all National Accounts ("National Account Program"). The National Account Program is subject to change from time to time and from National Account to National Account. Franchisor reserve the exclusive right to solicit, enter into and administer national and/or regional contracts with National Accounts, provided Franchisor may, in its sole discretion, offer Franchisee the opportunity to service the National Account located in the Protected Area. Franchisee may not solicit offices, facilities, services or operations of National Accounts without Franchisor's written consent. Franchisee will

have no right to negotiate a national or regional agreement with National Accounts without Franchisor's prior written consent. If Franchisor enters into a contract with a National Account applicable to the Protected Area, Franchisee may not arrange any different terms or collect any additional fees. Franchisee may only service a National Account located in the Protected Area (and accept assignments to service a National Account outside of the Protected Area) upon agreement to participate in the National Account Program Franchisor has established for such National Account, including the Franchisee compensation and compliance with Franchisor's specifications and standards. If Franchisee does not participate in the National Account Program for the National Account, Franchisor may, without any compensation to Franchisee, dispatch another franchised or company or affiliate-owned Generator Supercenter Business or other third party to service any National Account located in the Protected Area. Franchisor may provide a centralized billing system and dispatch service for National Accounts. Payment for services performed under any contract for a National Account will be contingent on receipt payment from the National Account; Franchisor does not guaranty payment by the National Account. In no way limiting the foregoing, in the event that Franchisee fails to adequately support a National Account or is in violation of any policy and procedure with respect to the National Account Program, in Franchisor's sole discretion, Franchisor may take over any National Account in Franchisee's Protected Area and service such National Account or have another franchisee or other third party service such National Account.

## **2. TERM AND RENEWAL**

**2.1 Term.** This Agreement grants rights to Franchisee for a period of ten (10) years and is effective when signed by Franchisor.

**2.2 Renewal.** Franchisee shall have the right to renew this Agreement for one period of ten (10) years if all the following conditions have been met:

**2.2.1** Franchisee has given Franchisor written notice of its election to renew the franchise not less than twelve (12) months nor more than eighteen (18) months prior to the expiration of the current term;

**2.2.2** Franchisee owns or has the right under a lease to occupy the premises of the Franchised Business for an additional ten (10) years and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Franchised Business for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Franchised Business, Franchisee has secured substitute premises approved by Franchisor by the expiration date of this Agreement;

**2.2.3** Franchisee has completed, no later than thirty (30) days prior to the expiration of the then-current term and to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Franchised Business and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor shall reasonably require so that the premises reflect the then-current image of a Generator Supercenter Business.

**2.2.4** Franchisee is not in default of any provision of this Agreement or any other related agreement between Franchisee and Franchisor or its parent, predecessor and/or affiliate, either at the time Franchisee gives notice of its intent to renew or at any time after through the

last day of the then-current term, and Franchisee has substantially complied with all of these agreements during their respective terms;

**2.2.5** Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its parent, predecessor and affiliate or otherwise pursuant to the Franchise Agreement;

**2.2.6** Franchisee has executed, at the time of such renewal, Franchisor's then-current form of franchise agreement, the terms of which may vary from the terms of this Agreement. The renewal franchise agreement, when executed, shall supersede this Agreement in all respects;

**2.2.7** Franchisee at its expense has satisfied Franchisor's then-current training requirements for new franchisees as of the date of the renewal;

**2.2.8** Franchisee has paid Franchisor's then-current renewal fee;

**2.2.9** Franchisee has executed a release of any and all claims against Franchisor and its parent, predecessor and affiliate, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants arising out of or related to this Agreement or any related agreement. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising.

### **3. LOCATION**

**3.1 Approved Location.** Franchisee is granted a franchise, which permits the operation of a Generator Supercenter Business within the Protected Area at the location identified in Exhibit 1 to this Agreement or a location subsequently agreed to by Franchisor (the "Approved Location"). ~~If the Approved Location is not identified in Exhibit 1 when the parties execute this Agreement,~~ Franchisee shall find a location and submit it to Franchisor for approval as required in Section 3.2. Franchisee shall not operate another business at the Approved Location. Franchisee may not make any sales from a location, other than the Approved Location, without the Franchisor's prior written permission. Franchisee shall not conduct any mail order, catalog or Internet business without the express approval of the Franchisor.

**3.2 Site Search; Purchase or Lease of Premises.** Franchisee is responsible for finding a site for the Franchised Business. Franchisee shall use its best efforts to find a suitable location subject to Franchisor's Confidential Operations Manual. Franchisor must grant written authorization before Franchisee may proceed with any proposed location. Franchisee acknowledges that Franchisor's approval of the Approved Location does not constitute a recommendation, endorsement, guarantee or warranty of any kind, express or implied, by the Franchisor of the suitability or profitability of the location. If Franchisor recommends or provides Franchisee with any information regarding a site for the Franchised Business, that is not a representation or warranty of any kind, express or implied, of the site's suitability for a Generator Supercenter Business or any other purpose. Franchisor's recommendation or approval of any site only indicates that Franchisor believes that the site meets Franchisor's then acceptable criteria that have been established for Franchisor's own purposes and is not intended to be relied

upon by Franchisee as an indicator of likely success. Criteria that have appeared effective with other sites and other locations might not accurately reflect the potential for all sites and locations. Franchisor is not responsible if a site and location fails to meet Franchisee's expectations. Franchisee acknowledges and agrees that its acceptance of the selection of the Approved Location is based on Franchisee's own independent investigation of the site's suitability for the Franchised Business.

~~Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor's review. In order for Franchisor to approve any designation of the Approved Location in Exhibit 1 at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Approved Location until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing.~~

~~\_\_\_\_\_ If the Approved Location is not designated in Exhibit 1 at the time of execution of this Agreement, Franchisee must complete all steps necessary to acquire a suitable location within ninety (90) days after the date of execution of this Agreement. Within the ninety (90) day period, Franchisee must: (i) find a suitable site, meeting Franchisor's specifications; (ii) submit a request for approval of the proposed site; (iii) deliver all information and copies of proposed agreements; (iv) receive Franchisor's written approval; and (v) upon Franchisor's approval, either enter into a lease or sublease for the site, meeting Franchisor's requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. If Franchisee or its equity owner or affiliate purchases or owns the Approved Location, Franchisee (or its equity owner or affiliate) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.~~

### **3.3 Lease or Purchase.**

**3.3.1** Any lease for the proposed location must contain certain provisions, including (i) a limitation that the premises shall be used only for a Generator Supercenter Business; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor's prior written approval; (iii) permission for Franchisor to enter the premises during regular business hours and make changes to protect the Proprietary Marks; (iv) concurrent written notice to Franchisor of any default and the right (but not the obligation) for Franchisor to cure such default; (v) the right, at Franchisor's election, to receive an assignment of the lease upon the termination or expiration of the Franchise Agreement; and (vi) a prohibition against the lease being modified without Franchisor's prior written consent. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute the Collateral Assignment of Lease which grants Franchisor the right but not the obligation to assume the lease upon Franchisee's default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the Consent and Agreement of Lessor. The Collateral Assignment of Lease and Consent and Agreement of Lessor shall be in the forms attached as Exhibit 8 to this Agreement. Franchisee shall deliver an executed copy of the lease to Franchisor within fifteen (15) days after the execution of the lease.

**3.3.2** Franchisor's review of the lease or purchase agreement for the Approved Location does not constitute Franchisor's representation or guarantee that Franchisee shall

succeed at the selected location, nor an expression of Franchisor's opinion regarding the terms of the lease, purchase agreement or the viability of the location. Acceptance by the Franchisor of the lease or purchase agreement shall simply mean that the terms contained in the lease or purchase agreement, including general business terms, are acceptable to Franchisor. Franchisee acknowledges that it is not relying on Franchisor's lease or purchase agreement negotiations, lease or purchase agreement review or approval, or site approval and acknowledges that any involvement by Franchisor in lease negotiations is for the sole benefit of Franchisor. Franchisee acknowledges and understands that it has been advised to obtain its own counsel to review the lease or purchase agreement before Franchisee signs any lease or purchase agreement. Franchisor may, at Franchisor's cost and expense, offer (to Franchisee) to purchase the Approved Location, build the facility for the Franchised Business at the Approved Location, and lease the facility to Franchisee at fair market value.

**3.4 Relocation.** In the event the lease term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee shall relocate the Franchised Business to a site mutually acceptable to Franchisee and Franchisor in accordance with Franchisor's specifications and subject to Section 3.2 and Section 3.3, in order to complete the balance of the term of this Agreement. Franchisee shall give Franchisor notice of Franchisee's intent to relocate and must complete all steps to either enter into a lease or sublease or an agreement to purchase the site within sixty (60) days after closing the Franchised Business at the original location. Franchisee must open the Franchised Business for business at the new location within ninety (90) days of closing the original location and pay Franchisor its relocation fee, as set forth in the Confidential Operations Manual. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement.

## 4. FEES AND COSTS

**4.1 Initial Franchise Fee.** Franchisee shall pay Franchisor an initial franchise fee in the amount of \$50,000 ~~in cash or by certified check~~ by wire transfer of immediately available funds, at the time of execution of this Agreement. The initial franchise fee is payable when you sign the franchise agreement. The initial franchise fee is fully earned and is not refundable under any circumstances.

### 4.2 Royalty Fee.

**4.2.1 Royalty; Gross Revenues.** Subject to the minimum royalty payment described below, Franchisee shall pay to Franchisor a monthly royalty fee equal to (i) 4% of all Gross Revenues of the Franchised Business from generator and generator installation sales and (ii) 6% of all Gross Revenues of the Franchised Business from maintenance, options, service sales, supplier rebate programs and all other sales, revenue and income of every kind and nature ("Royalty Fee"). However, beginning the earlier of (i) Franchisee's sale of its first generator to a customer (regardless of whether or not Franchisee has opened its fixed retail Generator Supercenter Business physical location to the general public) or (ii) two-hundred forty (240) days after the Effective Date of this Agreement, Franchisee is required to pay Franchisor, during the remaining term of this Agreement, a minimum royalty of \$2,000 per month. "Gross Revenues" means any and all income (calculated on an accrual basis) of every kind and nature related to, derived from, or originating from the Franchised Business, and shall include, without limitation, all

revenues from sales made by Franchisee from all business conducted at or from, or in connection with the Franchised Business, including but not limited to, any and all amounts received or derived from the sale of all goods and services (including any monies received during pre-sales, business interruption insurance proceeds, rebate income, and warranty payments or income) and tangible property of any nature. Gross Revenues shall not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority. Franchisee agrees to pay all of these taxes when due. Each charge or sale upon installment or credit shall be treated as having been received in full by Franchisee at the time the charge or sale is made, regardless of when or if Franchisee receives payment. Sales relating to items for which the full purchase price has been refunded or the item exchanged shall be excluded from Gross Revenues at the time of refund or exchange, provided that these sales have previously been included in Gross Revenues.

**4.2.2 Payment; Reporting.** The Royalty Fee shall be paid by Franchisee via ACH on the twelfth (12<sup>th</sup>) day of each month for the preceding month, or another day Franchisor specifies. Franchisor reserves the right to increase collection frequency. Franchisee must provide summaries of sales and services rendered during the preceding month, (hereinafter, "Report"), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than the fifth (5<sup>th</sup>) day of each month, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may withdraw from Franchisee's operating account 120% of the last Royalty Fee debited. Any overpayments from the withdrawn amount shall be forwarded to Franchisee or credited to Franchisee's account; Franchisee shall pay any underpayments, with interest.

**4.2.3 Single Operating Account; ACH.** Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor (including, without limitation, reimbursements to Franchisor for payments made on Franchisee's behalf) under this Agreement. Franchisee shall designate one account at a commercial bank of its choice (the "Account") for the payment of continuing periodic royalty, advertising contributions to the Fund (defined in Section 4.3.3.1) and any other amounts due Franchisor in connection with this Agreement and the Franchised Business. Franchisor shall have "view-only" access. In addition, Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer. Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus a reasonable administrative fee in Franchisor's sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid. Franchisee shall execute Franchisor's current form of "Electronic Transfer Authorization," a copy of which is attached to this Agreement as Exhibit 7, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Confidential Operations Manual.

**4.3 Advertising.** Franchisee agrees to actively promote the Franchised Business and to abide by all of Franchisor's advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other Generator Supercenter System franchisees of greater or lesser advertising obligations or default

of these obligations by any other franchisees. With regard to advertising generally for the Franchised Business, Franchisee shall place or display at the Franchised Business premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. No outside solicitations are permitted. All advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor's marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be approved in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not approved in writing (including, without limitation, any brand collateral materials which will be distributed by Franchisor or Franchisor's designated ~~vendors~~supplier), and Franchisee shall promptly discontinue use of any advertising or promotional materials previously approved, upon notice from Franchisor.

**4.3.1 Marketing Plan.** Franchisee must develop an opening marketing and advertising plan and obtain Franchisor's approval of the plan at least thirty (30) days before the projected opening date of the Franchised Business. Thereafter, Franchisee must create an annual and monthly local marketing plan, that Franchisor must approve.

**4.3.2 Minimum Advertising Expenditure; Local Advertising.** During the term of this Agreement, Franchisee shall expend an amount, which shall be measured on an annual basis, and which, in the aggregate, is equal to the greater of (i) 4% of Franchisee's monthly Gross Revenues; or (ii) \$3,000 per month on local advertising, at Franchisee's discretion and subject to Franchisor's approval, in print, radio, television or internet form as described in this Section 4.3.3 and in Section 4.3.4 and in accordance with the Marketing Plans described in Section 4.3.1 ("Minimum Advertising Expenditure"). Franchisee must submit to Franchisor, for approval, at least thirty (30) days in advance of placement deadlines, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs. Franchisee must use Franchisor's approved vendor to handle all local advertising and must enter into an agreement with the vendor allowing it to ACH all fees and contributions. Franchisee may be required to include certain language and/or contact information for the Franchisor in its advertisements.

### **4.3.3 Brand Development Fund.**

**4.3.3.1** Franchisor has the right to establish, administer and control the Brand Development Fund (the "Fund"). If established, Franchisee agrees to contribute to the Fund in an amount up to 1% of Franchisee's monthly Gross Revenues at the same time and in the same manner as Franchisee makes monthly Royalty Fee payments or as otherwise directed by Franchisor. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. Franchisor may maintain contributions to the Fund in a separate bank account or hold them in Franchisor's general account and account for them separately, or Franchisor may establish separate entities to administer the Fund and the Fund contributions. Franchisor intends the Fund to be of perpetual duration, but Franchisor maintains the right to terminate the Fund or to create new Fund accounts or merge

accounts. Franchisor shall not terminate the Fund until all money in the Fund has been expended for advertising and/or marketing purposes or returned to contributors on the basis of their respective contributions. The money contributed to the Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Fund in interest bearing accounts or obtain any level of interest on the money. Franchisor does not owe any fiduciary obligation for administering the Fund. Franchisor has the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the Generator Supercenter System, including the costs of preparing and conducting digital marketing, social media campaigns, radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, such as Instagram, Facebook, Twitter, YouTube, Pinterest, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for System Franchised Businesses; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and “mystery shopper” program(s) which may include call recording; implementation and use of Client Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Fund contributions in the area in which the Franchised Business is located. Franchisor’s decisions in all aspects related to the Fund shall be final and binding. Franchisor may charge the Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation and implementation of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor’s employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. At Franchisee’s written request, Franchisor shall provide fiscal year end unaudited financial statements and an accounting of the applicable Fund expenditures when available. Franchisee may have to purchase advertising materials produced by the Fund, by Franchisor or by its parent, predecessor or affiliate, and Franchisor, or its parent, predecessor or affiliate, may make a profit on the sale. Franchisor reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. The Fund may spend more or less than the total annual Fund contributions in a given fiscal year and may borrow funds to cover deficits. Fund contributions not spent in the fiscal year in which they accrue, will be carried over for use during the next fiscal year. If the Fund is enacted, it is anticipated that a board will be established with at least one Franchisor representative and three (3) franchisees to serve as board members, provided, franchisee board members will have no formal voting powers and all final decisions regarding the Fund will be determined by Franchisor. Franchisee board members will be voted in by the then current franchisees. Each open ~~territory~~protected area will receive one vote to elect board members. New elections will occur every three (3) years, unless changed by Franchisor in its discretion.

**4.3.3.2** The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of System businesses and the Generator Supercenter brand generally in the manner that Franchisor determines to be most effective. Franchisor is not obligated to ensure that the expenditures from the Fund are proportionate or equivalent to Franchisee’s contributions or that the Franchised Business or any Generator

Supercenter Business shall benefit directly or pro rata or in any amount from the placement of advertising.

**4.3.3.3** From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the Generator Supercenter System franchisees as a whole or to specific advertising market areas. If Franchisee participates in any special promotional programs, Franchisee shall be required to pay for the marketing, development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent. Additionally, Franchisee shall be required to offer any and all discounts mandated by Franchisor to customers designated by Franchisor to receive same.

**4.3.4 Website Requirements.** Franchisee shall not develop, own or operate any website (or establish any other online presence or post to any social media platform, including but not limited to, Facebook, Twitter, LinkedIn, YouTube, Instagram and Pinterest) using the Proprietary Marks or otherwise referring to the Franchised Business or the products or services sold under the Generator Supercenter System (each a "Website") without Franchisor's prior written approval. All content on a Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Confidential Operations Manual or otherwise. If Franchisor requires, Franchisee shall establish the Website as part of the website(s) Franchisor, or the Fund or Franchisor's designee establishes. Franchisee shall establish electronic links to Franchisor's website(s) or any other website Franchisor designates. Franchisor has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and /or Generator Supercenter System and/or the businesses operating under the Generator Supercenter System. You must pay to Franchisor any fee imposed by Franchisor or your pro rata share of any fee imposed by a third party service provider, as applicable, in connection with hosting the Website. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Franchisor will also have the right to discontinue operation of the Website at any time without notice to Franchisee. Franchisee's webpage may be removed, and all mention of the Franchised Business location may be removed from Franchisor's website and/or social media accounts anytime Franchisee is found to not be in compliance with the System or anything required under this Agreement. Access will be reinstated only once violations are deemed cured, in Franchisor's sole discretion. Upon the expiration, termination or non-renewal of this agreement, Franchisee will assign any website domain or social media account used in connection with the Franchised Business to Franchisor.

**4.3.5 Advertising Cooperatives.** Franchisor reserves the right to create a regional advertising cooperative and require Franchisee to contribute an amount determined by the cooperative, up to 1% of Franchisee's monthly Gross Revenues. Amounts contributed to a cooperative will be credited against monies Franchisee is otherwise required to spend on local advertising or required to contribute to the Fund. Franchisor has the right to draft Franchisee's bank account for the advertising cooperative contribution and to pass those funds on to the respective cooperative. The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that Franchisor approves. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. Franchisor may require a cooperative to prepare annual or periodic financial

statements for review. Each cooperative will maintain its own funds; however, Franchisor has the right to review the cooperative's finances, if it so chooses. The Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative. Franchisor reserves the right to approve all of a cooperative's marketing programs and advertising materials. On thirty (30) days written notice to affected franchisees, Franchisor may terminate or suspend a cooperative's program or operations. Franchisor may form, change, dissolve or merge any advertising cooperative.

**4.4 Software and Technology Changes.** Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable, but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of software and technology in the Generator Supercenter System; and Franchisee agrees that he or she will abide by those reasonable standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

**4.5 Step in Rights Fee.** If Franchisor determines in its sole judgment that the operation of the Franchised Business is in jeopardy due to Franchisee or its Principal's death, disability or for any other reason, including occurrence of a default, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In Franchisor's sole judgment, it may deem Franchisee incapable of operating the Franchised Business if, without limitation, Franchisee fails to make payments when due or fails to remove any and all liens or encumbrances of every kind placed upon or against the business; or if Franchisor determines that operational problems require that it operate the Franchised Business for a period of time that it determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern. Franchisor shall receive a fee equal to the greater of (a) 10% of the Franchised Business's monthly Gross Revenues or (b) \$6,000 per month, in the same manner and at the same time as the Royalty Fee payment is made, unless otherwise designated by Franchisor. In addition, Franchisee will also be required to pay Franchisor's expenses (including reasonable attorney's fees incurred) and recurring fees due under this agreement, such as royalties. In the event Franchisor exercises these rights, Franchisee agrees to hold Franchisor and its representatives harmless for all actions occurring during the course of such temporary operation. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

**4.6 Website Information Technology and Marketing Online Content Fee.** During the term of this Agreement, Franchisor may provide the System with ongoing needs related to website technology and marketing content, including, without limitation, creation and maintenance of an online, franchisee access only, training and information portal, training modules, website creation and maintenance, website and search engine optimization hosting, development of video and other marketing materials, training modules, and researching new technology and managing existing internet search engine optimization technologies to be used in operation of the Franchised Business, as Franchisor may determine from time to time in its sole discretion, in return for a fee which is currently \$750 per month paid by Franchisee to Franchisor ("Marketing Content

Fee”). All fees paid in accordance with this Section 4.6 are non-refundable and subject to change at any time in Franchisor’s sole discretion. Franchisor may discontinue or modify the provision of any information technology platform or service at any time. This Marketing Content Fee is in addition to all other fees payable by Franchisee set forth herein.

**4.7 Non-Compliance Fee.** Franchisor may charge Franchisee \$250 for any instance of non-compliance with System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to Franchisor). Franchisor will allow for a seven (7) day right to cure with no fee. If such non-compliance is ongoing, Franchisor may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor’s internal cost of personnel time attributable to addressing the non-compliance and is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of Franchisor’s other rights and remedies.

**4.8 Customer Complaint Resolution Fee.** In the event Franchisor takes any action it deems appropriate to resolve a customer complaint in connection with the Franchised Business, Franchisee shall reimburse Franchisor for any expenses incurred to resolve the customer complaint.

**4.9 Inspection Fee.** Franchisee shall pay Franchisor an inspection fee of \$300 per day plus expenses incurred by Franchisor, in the event Franchisor conducts an inspection of the Franchised Business because of a governmental report, customer complaint or other customer feedback, or Franchisee’s default or non-compliance with any system specification.

**4.10 Collection Costs, Attorneys' Fees, Interest.** Any late payment or underpayment of the Royalty Fee, advertising contributions and any other charges or fees due Franchisor or its parent, predecessor or affiliate from Franchisee, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Franchised Business is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and other expenses incurred by Franchisor.

**4.11 Audit.** Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee's operation of the Franchised Business. At any time, during normal business hours, Franchisor or its designee may enter the Franchised Business or any other premises where these materials are maintained and inspect and/or audit Franchisee's business records and make copies to determine if Franchisee is accurately maintaining same. Alternatively, upon request from Franchisor, Franchisee shall deliver these materials to Franchisor or its designee. If any audit reveals that Franchisee has understated Gross Revenues by 5% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any two (2) reporting periods, or Franchisee does not make these materials available, Franchisee shall pay the reasonable cost of the audit and/or

inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported, no later than fourteen (14) days after the completion of such audit.

**4.12 Financial Records and Reports.** Franchisee shall maintain for at least five (5) fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the Gross Revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee's Gross Revenues; (ii) unaudited annual financial reports and operating statements in the form specified by Franchisor, prepared by a certified public accountant or state licensed public accountant, within sixty (60) days after the close of each fiscal year of Franchisee; (iii) state and local sales tax returns or reports within fifteen (15) days after their timely completion; (iv) federal, state and local income tax returns for each year in which the Franchised Business is operated within sixty (60) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor, setting forth, without limitation, such items as customer lists, quantities of inventory purchased, and the sources from which inventory was obtained. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Revenues. Franchisor may obtain Gross Revenues and other information from Franchisee by modem or other similar means, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor's sole discretion.

**4.13 Taxes on Payments to Franchisor.** In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

**4.14 No Right of Set Off.** Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its parent, predecessor or affiliate, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

## **5. FRANCHISOR SERVICES**

### **5.1 Site Selection.**

**5.1.1 Site Selection Assistance.** Subject to Franchisor approval, Franchisee shall be responsible for identifying potential locations for the Franchised Business that meet Franchisor's standards and criteria, including site, layout and other physical characteristics. Franchisor may, at its discretion, also provide Franchisee with demographic studies, competitive analyses and a review of licensing and zoning requirements. Site selection assistance provided by Franchisor does not relieve Franchisee of the primary obligation to locate a suitable site in the required timeframe.

**5.1.2 Site Selection Approval.** Franchisor shall review and approve or disapprove sites proposed by Franchisee for the location of the Franchised Business. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation or guarantee that the Franchised Business shall be successful.

**5.2 Layout.** Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical Generator Supercenter Business. Franchisee shall construct and equip the Franchised Business in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee may be required to hire an architect to prepare plans and make any necessary changes to the standard floor plan design. Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "trade dress") of the Franchised Business shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Confidential Operations Manual, and Franchisee may not alter the trade dress without Franchisor's consent.

### **5.3 Training.**

**5.3.1 Initial Training.** Franchisor shall provide, either itself or through its designee, an initial training for up to four (4) people to be trained together at the same time, and to be held in Tomball, Texas, or another place (including virtual), at the times and places Franchisor shall designate. Franchisor shall schedule an initial training program, at Franchisor's convenience, between the time Franchisee signs this Agreement and the time Franchisee is scheduled to open the Franchised Business. Franchisee, or if Franchisee is a business entity, Franchisee's Operating Principal and/or Franchisee's General Manager shall attend and complete the initial training program to Franchisor's satisfaction at least thirty (30) days prior to the opening of the Franchised Business. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. If initial training is otherwise required for Franchisee or any equity owner, General Manager, or other employee, Franchisee shall pay Franchisor's then-current tuition for each person to attend the additional initial training program. Each of Franchisee's additional and/or replacement General Managers shall attend and complete to Franchisor's satisfaction Franchisor's initial training program prior to assuming management responsibility. Additionally, Franchisee and/or its General Manager must attend and complete Factory Service Training to become a Generac service technician.

**5.3.2 On-Site Training.** Franchisor shall have a representative support Franchisee's business opening with at least three (3) days of onsite opening training and assistance. The assistance may be provided virtually, in Franchisor's discretion. Franchisor shall provide other on-going assistance as Franchisor deems appropriate and advisable. In Franchisor's discretion, subject to availability of personnel and at the request of Franchisee,

Franchisor shall make available corporate personnel to provide additional on-site assistance at Franchisee's location, and may charge Franchisee its then-current tuition plus the travel, lodging and meal costs for Franchisor's trainers.

**5.3.3 Refresher Courses; Supplemental Training.** All of Franchisee's managers and field personnel shall be required, at Franchisee's expense, to attend Factory Service Training to become a Generac service technician. In addition, Franchisor reserves the right to offer refresher courses and supplemental training programs, which, in Franchisor's sole discretion, may be optional or mandatory, from time to time, to Franchisee, its equity owners if Franchisee is a business entity, its General Manager, instructors and/or its employees. In addition to paying Franchisor's then-current cost for tuition, Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training.

**5.4 Continuing Consultation and Advice.** In addition to the assistance rendered Franchisee prior to opening, Franchisor may provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding customer procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Franchised Business. Such assistance may be provided by telephone, virtual meet, facsimile, email, postings to Franchisor's intranet, periodically through on-site assistance by appropriate personnel of Franchisor, and/or other methods. Franchisor reserves the right to delegate any or all of its obligations under this Agreement to a third party of its choosing. Franchisor is not obligated to perform services set forth in this Agreement to any particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided, other than as set forth in this Agreement.

**5.5 Confidential Operations Manual.** Franchisor shall loan, or otherwise provide access to Franchisee, one copy of a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the "Confidential Operations Manual". Franchisee shall operate the Franchised Business in strict compliance with the Confidential Operations Manual. From time to time Franchisor may, through changes in the Confidential Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Franchised Business or change all or any part of the System, and Franchisee shall take all actions, at Franchisee's expense, to implement these changes. Franchisor may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion. The Confidential Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee shall insure that its copy of the Confidential Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Confidential Operations Manual solely through Franchisor's website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper

copy or other physical format. Franchisor may release the Confidential Operations Manual in sections at varying times. ~~Franchisor will not release the Confidential Operations Manual until (i) Franchisee has obtained municipal approval; (ii) Franchisee has closed on all loans for the Franchised Business; and (iii) a lease or purchase agreement for the Approved Location has been executed and provided to Franchisor.~~

**5.6 Annual Franchise Conference.** Franchisor reserves the right to hold a conference or convention of all franchisees, which will not be held more frequently than annually. Franchisor may designate that attendance at a franchisee conference by Franchisee and/or certain personnel is mandatory. Franchisee must pay all expenses incurred by all attendees on its behalf, including travel, lodging, meals, applicable wages and conference materials.

**5.7 Marketing Plan.** Franchisor shall review and approve Franchisee's marketing introduction plan, and its annual and monthly marketing plans.

## **6. FRANCHISE SYSTEM STANDARDS**

**6.1 Opening for Business.** Unless otherwise approved in writing, Franchisee must open the Franchised Business within two-hundred and forty (240) days from the effective date of this Agreement. For purposes of this Agreement, to open the Franchised Business shall mean to open a fixed retail Generator Supercenter Business physical location to the general public in accordance with the System development requirements set forth in this Agreement and the Confidential Operations Manual. Franchisee shall not open the Franchised Business for business until Franchisee has complied with Franchisor's requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor's opening requirements include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to Franchisor, or its parent, predecessor or affiliate; (ii) the Franchised Business complies with Franchisor's standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor's pre-opening training requirements; (iv) Franchisee has obtained all applicable licenses and permits; (v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment and (vi) Franchisor has provided its written approval. If the Franchised Business has not opened for business within two-hundred and forty (240) days from the effective date of this Agreement, Franchisor may terminate this Agreement.

**6.2 Compliance with Standards.** Franchisee acknowledges that its obligations under this Agreement and the requirements of Franchisor's Confidential Operations Manual are reasonable, necessary and desirable for the operation of the Franchised Business and the Generator Supercenter System. Franchisee shall adhere to Franchisor's standards and specifications as set forth in this Agreement and the Confidential Operations Manual, including, but not limited to, specifications of product quality and uniformity and equipment compatibility among individual Generator Supercenter franchisees, and any revisions or amendments. Franchisee shall purchase only products and services, including Generator Supercenter branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any item(s). Franchisor and its parent, predecessor or affiliate may be an approved supplier or designated sole supplier for any purchases of products or services, including, without limitation, branded products and supplies, and may obtain revenue from

Franchisee and make a profit. Franchisee must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. Franchisee cannot be a supplier to other franchisees without Franchisor's written approval. Suppliers that require approval may include, but are not limited to, realtors, contractors, and advertising agencies. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor's standards and specifications. Franchisee may request approval of a supplier under Franchisor's published procedures, which include inspection of the proposed supplier's facilities and testing of product samples. Franchisor or the independent testing facility Franchisor designates may charge a fee for the testing. Franchisee or the proposed supplier shall pay the test fees. Franchisor may also charge a fee for Franchisor's services in making a determination on the proposed supplier. Franchisor will reimburse the evaluation fee if it approves the product, supplier or professional for the entire System. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor's criteria. Franchisor may receive fees and other payments from suppliers and others in connection with Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisor shall provide Franchisee a standard price list for items which it sells to franchisees, including a description of each item and applicable price or lease terms, prepayment discounts (if any) and shipping charges. Franchisee may only offer and sell the products and services that Franchisor periodically specifies and may not offer or sell at the Franchised Business, the Site or any other location any products or services Franchisor has not authorized. Franchisee must discontinue selling and offering for sale any products or services that Franchisor at any time disapproves. If Franchisee is found to not be in compliance with any System standard for any reason, Franchisor may require that Franchisee attend an in-person meeting, at Franchisee's cost. Franchisee agrees at all times to operate and maintain the Franchised Business according to each and every System Standard, as Franchisor periodically modifies and supplements them. System Standards may regulate any aspect of the Franchised Business's operation and maintenance.

### **6.3 Operations.**

**6.3.1** Franchisee shall keep the Franchised Business open for the hours and days specified by Franchisor in the Confidential Operations Manual. The Franchisee may open additional hours or days at the Franchisee's discretion. Franchisee shall maintain an after hours telephone answering service, as specified by Franchisor in the Confidential Operations Manual.

**6.3.2** Franchisee shall maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law and the Confidential Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the Generator Supercenter System.

**6.3.3** Franchisee shall at all times maintain a line of credit and/or employ working capital in the minimum amount of \$50,000, or as Franchisor may reasonably deem necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement and to operate the business in a businesslike, proper and efficient manner.

**6.3.4** Franchisee shall operate the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the Generator Supercenter name and brand and the Generator Supercenter System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Franchised Business in accordance with training standards and procedures. Franchisor specifies in order for Franchisee to conduct the business of the Franchised Business at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, paychecks and other materials that Franchisee (and only Franchisee) is their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible.

**6.3.5** Franchisee acknowledges that proper management of the Franchised Business is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction and control of the Franchised Business. If Franchisee is an entity, Franchisee must appoint and maintain throughout the Term an Operating Principal, who must be an equity owner of at least 10% of the Franchised Business. The Operating Principal is identified on Exhibit 2 to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Franchised Business. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal. The Operating Principal cannot be changed without Franchisor's prior written approval.

If the Operating Principal will not be responsible for the direct supervision of the Franchised Business, Franchisee must hire a General Manager to be responsible for the direct on-premises supervision of the Franchised Business at all times during the hours of operation. Franchisee's General Manager must furnish full-time attention and best efforts to the management of the Franchised Business. However, Franchisee is still responsible for the operations of the Franchised Business and its obligations under the Franchise Agreement. Franchisee may not change the General Manager of the Franchised Business without Franchisor's prior approval. Franchisor must be given notice if a General Manager resigns or is otherwise terminated within seventy-two (72) hours.

At all times, Franchisee will keep Franchisor advised of the identity of the General Manager. The General Manager need not have any equity interest in the franchise. Franchisee will disclose to the General Manager only the information needed to operate the Franchised Business and the General Manager will be advised that any confidential information is Franchisor's trade secret.

**6.3.6** Franchisee shall maintain the Franchised Business and the Approved Location in "like new" condition, normal wear and tear excepted, and shall repaint, redecorate, repair or replace equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor. Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Franchised Business and any parking lot in first

class condition and repair and as Franchisor may direct. Not more than once every seven (7) years, Franchisor may require Franchisee to extensively renovate the Franchised Business at Franchisee's expense to conform to Franchisor's then-current public image and trade dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, equipment, software, wiring, fixtures and signs Franchisor specifies.

**6.3.7** Franchisee shall fully participate in all required national buying or vendorsupplier programs.

**6.3.8** Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee's purchases from the supplier.

**6.3.9** Franchisee shall follow all methods of operating and maintaining the Franchised Business that Franchisor determines to be useful to preserve or enhance the efficient operation, image or goodwill of the Proprietary Marks and Generator Supercenter Businesses.

**6.3.10** Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors (collectively, "Third Party Payees"), promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

**6.3.106.3.11** Franchisee shall obtain all vehicles required by Franchisor and shall ensure that all vehicles used for the Franchised Business comply with all applicable System Standards, which may include, without limitation, make and model, required equipment, and required exterior décor. Franchisee shall keep all vehicles in good repair, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to the Generator Supercenter System Standards. Any person driving a vehicle on behalf of the Franchised Business must be appropriately licensed and meet any applicable System Standards for drivers.

**6.4 Applicable Laws.** Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Franchised Business. If these legal requirements impose a greater standard or duty than Franchisor requires in the Confidential Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy. Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers ("Privacy"), and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and its counsel as it may request to assist in a determination regarding the most effective way, if any, to meet the standards and policies pertaining to Privacy within the bounds of applicable law.

**6.5 Trade Secrets and Confidential Information.** The System is unique and the Confidential Operations Manual, Franchisor's trade secrets, copyrighted materials, methods and other techniques and know-how are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ("Confidential Information"). Franchisee agrees to maintain a list of the names, addresses and contact information of all customers of the Franchised Business. The list will be Franchisor's sole and exclusive property and will be part of the Confidential Information. Franchisee agrees to maintain the confidentiality of the list and may not disclose the customer list or its contents to any person or entity other than Franchisor, except as may be required by law or court order. Franchisee shall use the Confidential Information only for the purposes and in the manner authorized in writing by Franchisor, and its use shall inure to the benefit of Franchisor. Franchisor's trade secrets consist of, without limitation, (4i) site selection, construction plans, architectural plans and design specifications; (2ii) methods, formats, specifications, standards, systems, procedures, sales and marketing and installation techniques; (3iii) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4iv) knowledge of the operating results and financial performance of other Generator Supercenter franchisees; (5v) the Confidential Operations Manual; (6vi) training materials and programs; (7vii) proprietary software; (8viii) customer lists and customer data; and (9ix) all password-protected portions of Franchisor's website, intranets and extranets and the information they contain (including the email addresses and other contact information of Generator Supercenter franchisees). Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee's employees, landlord, contractors, and any other person having access to the Confidential Operations Manual or to whom Franchisee wishes to disclose any Confidential Information that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor's own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. An example of a written agreement currently considered satisfactory for employees is the Confidentiality Agreement attached as Exhibit 9(a). Spouses of owners must execute the version entitled Confidentiality, Non-Disclosure and Non-Compete Agreement attached as Exhibit 9(b). All executed agreements must be forwarded to Franchisor to ensure compliance. Franchisee shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Confidential Operations Manual. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor's ownership of or right, title or interest in Franchisor's trade secrets, methods or procedures or contest Franchisor's right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any of their immediate family, heirs, successors and assigns, is prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from customers of the Franchised Business or through marketing is deemed to be owned exclusively by Franchisor and/or parent, predecessor or affiliate. Franchisee must install and maintain security measures and devices necessary to protect the customer data from unauthorized access or disclosure, and may not sell or disclose to anyone

else any personal or aggregated information concerning any customers. Franchisee has the right to use the customer data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If Franchisee transfers the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may transfer the customer data to the new owner as part of the going concern value of the business. In the event of the termination or sale of the franchise, Franchisee will supply a current customer list to the Franchisor.

## **6.6 Proprietary Marks.**

**6.6.1 Ownership.** Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor and the owner of the Proprietary Marks who has licensed the Proprietary Marks to Franchisor (“Licensor”), except for Franchisee's license to use the Proprietary Marks only as specifically and expressly provided in this Agreement. Franchisee's use of the Proprietary Marks shall inure to the benefit of Franchisor and its parent, predecessor and affiliate, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee may not sublicense the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its parent, predecessor or affiliate in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor and its parent, predecessor and affiliate's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor and its parent, predecessor and affiliate. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor and its parent, predecessor and affiliate any other franchisee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to add, change or substitute the Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all changes.

**6.6.2 Protection.** Franchisee shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisee must not communicate with any person other than legal counsel and Franchisor in connection with any infringement challenge or claim. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee's use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, are necessary to carry out such defense or prosecution.

**6.6.3 Advertising.** All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Confidential Operations Manual or otherwise. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or by prior written consent of Franchisor.

**6.6.4 Franchisee's Name.** Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials "D/B/A" and the business name of Generator Supercenter. Franchisee shall register at the office of the county in which the Franchised Business is located or such other public office as provided for by the laws of the state in which the Franchised Business is located as doing business under such assumed business name.

**6.6.5 Independent Status.** All contractual agreements into which Franchisee enters shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Franchised Business as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Franchised Business, a statement that clearly indicates that the Franchised Business is independently owned and operated by Franchisee.

**6.6.6 Authorized and Unauthorized Use.** At Franchisor's direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol "SM," "TM" or "®", as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

**6.6.7 Franchisor's Use of Marks.** Franchisor, its parent, predecessor and affiliate may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

**6.6.8 Electronic Mail and Domain Names.** Franchisee shall not use the Proprietary Marks, or any abbreviation, variation or other name associated with the Generator Supercenter System or Franchisor as part of any e-mail address, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

**6.7 Inspection.** At any time, during normal business hours, without prior notice, Franchisor or its representatives or agents shall have the right to enter upon the premises of the Franchised Business and shall have unfettered access to the Franchised Business and premises, for any reason, in Franchisor's sole discretion, that Franchisor deems necessary, including, but not limited to the right to inspect Franchisee's vehicles, inventory, equipment, business records,

interview Franchisee's employees and customers, and observe the manner in which Franchisee operates the Franchised Business. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Franchised Business and immediately remove any unauthorized products without any payment or other liability to Franchisee. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Franchised Business. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Franchised Business and Franchisor shall not have any obligation to obtain authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes. Failure or refusal to grant Franchisor full access shall be deemed a non-curable default.

**6.8 Changes to the System.** Franchisor may, from time to time, change the standards and specifications applicable to operation of the Franchise, including standards and specifications for inventory, products, services, supplies, signs, fixtures, furnishings, technology and equipment, by written notice to Franchisee or through changes in the Confidential Operations Manual. Franchisor, may, from time to time, eliminate and introduce new services and products. Franchisor will allow Franchisee thirty (30) days to cycle through the eliminated product unless the eliminated product is deemed unsafe. After such time, Franchisee shall cease use of any products or cease offering products or services discontinued by Franchisor. Franchisee shall implement any new service or commence offering and selling any new product within fifteen (15) days of notification from Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the Generator Supercenter System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks; provided, however, that any such change shall not alter Franchisee's fundamental rights under this Agreement.

## **6.9 Authorized Products, Services, Supplies, and Equipment**

**6.9.1** Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee's and other franchisees' Franchised Businesses. Franchisee shall have no right to offer any products to its customers or use any new developments until Franchisor has had the opportunity to test the new products or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products and developments relating to the Franchised Business, whether they are of Franchisee's original design or variations of existing products or System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products and developments do not qualify as works made for hire, by signing this Agreement, Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive no payment or adjustment from Franchisor in connection with any new products or developments.

**6.9.2** Franchisee shall use in the operation of the Franchised Business only such products, services, supplies, equipment, technology and software as are specified by Franchisor in the Confidential Operations Manual, or otherwise in writing by Franchisor. Franchisee

acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

**6.9.3** Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products in establishing the authorized product line for the Franchised Business. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee's business.

**6.9.4** Franchisee shall at all times use and maintain only such products, services, supplies, equipment, technology and software as Franchisor specifies, which Franchisee shall obtain before opening the Franchised Business. As any products, services, supplies, equipment, technology or software may become obsolete or inoperable, Franchisee shall replace the same with such products, services, supplies, equipment, technology or software as are then being used in new Generator Supercenter franchises at the time of replacement.

**6.9.5** Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. Franchisee shall acquire, lease or license computer hardware equipment, software, maintenance contracts, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Franchised Business and all additions, substitutions and upgrades Franchisor shall specify. Franchisee shall have thirty (30) days to comply with any changes to hardware or software. Franchisee's computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support Franchisor's then-current information technology system. Franchisee must use any Generator Supercenter supplied e-mail address in all business communications with customers, vendors or suppliers. Franchisor owns all Generator Supercenter e-mail addresses and has full access to all communications sent and received using those addresses. Franchisor shall have the right to access information through the POS system related to operation of the Franchised Business, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion and shall have the right to disclose the information and data contained therein to a third party and/or the System.

**6.9.6** Franchisee acknowledges and agrees to utilize Franchisor's authorized and designated customer relationship management ("CRM") application, at Franchisee's expense. Franchisor has currently authorized and designated for Franchisee's use a Salesforce CRM software application customized for Generator Supercenter Businesses at the current approximate cost of \$40 to \$105 per user per month. The cost for this CRM application shall be paid to Franchisor at the same time and manner as the monthly Royalty Fee payment (including any minimum Royalty Fee payment), and is non-refundable and subject to change in Franchisor's discretion. Franchisor reserves the right to modify its designated application and/or provider at any time.

**6.9.7** Franchisee acknowledges that the quality and consistency of the products

and services offered to Franchisee's customers are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor's standards and specifications as provided in Section 6.2. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it.

**6.10 Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

**6.11. Media.** Franchisee is prohibited from speaking with the media and/or responding to requests for comment, without Franchisor's express written permission. Only Franchisor may handle public relations on behalf of Generator Supercenter. Franchisee must notify Franchisor immediately of all customer complaints and of any potential crisis situations involving the Franchised Business.

**6.12. Ownership of Generator.** Within six (6) months after opening the Franchised Business, the Operating Principal (or other owner acceptable to Franchisor) must purchase and install a home generator in his or her own home (to the extent that Franchisee's Operating Principal or other owner owns a home that can accommodate a generator).

**6.13. Customer Service.** Every detail of the quality of customer service, customer relations, appearance and demeanor of Franchisee and its employees and/or independent contractors, equipment, materials and vehicles used by Franchisee in the Franchised Business is important to Franchisor and to other Generator Supercenter Businesses. Franchisee must cooperate with Franchisor by maintaining its high standards in the operation of the Franchised Business and must give prompt, courteous and efficient service to all customers. All work performed by the Franchised Business will be performed competently and in a workmanlike manner. The Franchised Business will in all dealings with its customers, suppliers and the public adhere to the highest standards of honesty, fair dealing and ethical conduct. Any complaints Franchisee receives from a customer must be handled by Franchisee or its General Manager. Franchisor may perform customer surveys via any method Franchisor deems appropriate and may require Franchisee to participate in any survey program, at Franchisee's cost.

## **7. ACKNOWLEDGMENTS OF FRANCHISEE.**

**7.1 Independent Contractor Status.** Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Franchised Business, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venturer of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

**7.2 Indemnification.** Franchisee shall defend, indemnify and hold Franchisor and its parent, predecessor and affiliate, and their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages,

expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Franchised Business, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Franchised Business, and including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation, and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall advance or reimburse Franchisor's costs. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

**7.3 Payment of Debts.** Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods and services for use in the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Franchised Business.

#### **7.4 Noncompetition.**

**7.4.1 During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in ~~any other a~~ Competing Business. A "Competing Business" shall mean (i) any business which offers generators, (including, without limitation, gas, solar and/or battery powered generators), related installation and maintenance services ~~or~~ and other related products and services offered by, (ii) any business that is the same as or similar to a Generator Supercenter Business (a "Competing Business"); provided, however, that this Section shall not apply to Franchisee's operation and/or (iii) any business granting franchises or licenses to others to operate the type of any other Franchised Business business specified in subparagraph (i) (other than a Generator Supercenter Business operated under a franchise agreement with Franchisor).

During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from customers of Franchisee's Franchised Business for any competitive

business purpose.

During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

**7.4.2 After the Term of This Agreement.** For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any Competing Business within a radius of ten (10) miles (or the maximum area permitted by law, if smaller) of the Franchised Business, or any other Generator Supercenter Business in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for an Generator Supercenter Business, as of the date of expiration and nonrenewal, transfer or termination of this Agreement; provided, however, Franchisee may continue to operate any other Franchised Business for which Franchisee and Franchisor have a current franchise agreement.

For a period of two (2) years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation, solicit business from customers of Franchisee's former Franchised Business for any competitive business purpose nor solicit any employee of Franchisor or any other Generator Supercenter System franchisee to discontinue his employment with Franchisor or any other System franchisee.

For a period of two (2) years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

**7.4.3 Intent and Enforcement.** It is the intent of the parties that the provisions of this Section 7.4 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the noncompetition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 7.4 by Franchisee, any of its equity owners or any member of the immediate family of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section 7.4, Franchisor's harm shall be irreparable and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under

Section 7.4 that each has previously worked or been gainfully employed in other fields and that the provisions of Section 7.4 in no way prevent any of these persons from earning a living. Franchisee further acknowledges and agrees that the provisions of Section 7.4 shall be tolled during any default of this Agreement.

**7.4.4 Publicly-Owned Entity.** This Section 7.4 shall not apply to any ownership by Franchisee or any other person subject to Section 7.4 of a beneficial interest of less than 3% in the outstanding securities or partnership interests in any publicly-held entity.

**7.5 Non-Disparagement.** During the term of this Agreement, and for a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, Franchisee agrees not to disparage Franchisor and its current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the Generator Supercenter System.

**7.6 Telephone.** Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the Generator Supercenter name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee. The Franchised Business shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Confidential Operations Manual.

**7.7 Insurance.** At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Confidential Operations Manual or otherwise. If the lease for the Franchised Business requires Franchisee to purchase insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall name Franchisor, its officers, directors, managers, members, limited partners, general partners, shareholders, ~~independent contractors~~ and employees as additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee's breach of any policy provisions or any negligence on the part of an additional insured. All policies shall also include a waiver of subrogation in favor of the additional insureds. All insurance must be written by an insurance carrier with an A. M. Best and Standard and Poor's rating of at least "A-" or better. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Franchisor may require that you obtain coverage from a carrier it designates. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. Defense costs cannot erode policy limits. No insurance policy shall be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) days' prior written notice from the insurance carrier to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section 7.7. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on

demand, the cost of the premium plus an administrative fee in connection with obtaining the insurance. Franchisor may increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee's obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee's obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2. If Franchisee will be engaging in any construction, renovation or build-out of the premises for the Franchised Business, either Franchisee or Franchisee's third party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the coverages set forth in the Confidential Operations Manual, as well as Builder's Risk insurance in coverages approved by Franchisor.

**7.8 Publicity.** Franchisee shall permit Franchisor or its designee, at Franchisor's expense, to enter upon the premises of the Franchised Business, both interior and exterior, for the purpose of taking or making photographs, videos, slides, drawings, or other such images ("pictures and videos") of the Franchised Business. Franchisee agrees that Franchisor may use the pictures and videos for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures. Franchisor also reserves the right to require Franchisee to place a "franchises available" sign at a location Franchisor designates at the Franchised Business.

**7.9 Distribution.** Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.

**7.10 Shortages and Unavailability.** Franchisor shall not have liability to Franchisee for unavailability of, or delay in shipment or receipt of, any product or supplies from any vendor (including Franchisor or its affiliates) resulting from shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the control of Franchisor.

**7.11 Image.** The Generator Supercenter System has been developed to deliver products and services which distinguish Generator Supercenter Businesses from other businesses which offer similar products and services. Therefore, Franchisor requires Franchisee to offer products and services and operate the Franchised Business in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the Generator Supercenter System. Each aspect of the Generator Supercenter System is important not only to Franchisee but also Franchisor, its parent and affiliates, and other Generator Supercenter franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services rendered by Generator Supercenter System franchisees, Franchisor and its parent and affiliates. Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of a Franchised Business.

## 8. SALE OR TRANSFER

**8.1 Consent to Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber its interest in the Franchised Business without the prior written consent of Franchisor. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor.

**8.2 Death or Disability.** In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member or shareholder of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed a violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

If Franchisee is a business entity, this Agreement shall continue in effect upon the death of the largest equity owner, provided that the active management of the business entity shall remain stable and reasonably satisfactory to Franchisor in its sole discretion.

Franchisee's executor, heir or legal representative shall have sixty (60) days from the date of death, disability or incapacity to designate an operator that is acceptable to Franchisor and within ninety (90) days must execute Franchisor's then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee's term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

**8.3 Ownership Changes.** A sale, transfer or assignment requiring the prior written consent of Franchisor shall be deemed to occur: (i) if Franchisee is a corporation or limited liability company, upon any assignment, sale, pledge or transfer of voting stock or membership interests of Franchisee or any increase in the number of outstanding shares of voting stock or membership interests of Franchisee; or (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any partnership ownership interest. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 8.3. A transfer to an existing partner, shareholder or member, or a transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor's right of first refusal under Section 8.3.1. For transfers, Franchisor will follow the vetting process outlined in section 8.3.2.

**8.3.1 Right of First Refusal.** If Franchisee or its equity owners propose to transfer or assign 20% or more of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee, if Franchisee is a business entity, to any third

party (other than a business entity as set forth in Section 8.4 and except as otherwise set forth in Section 8.3) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor, Franchisee's or its equity owners' offered interest. Franchisee or its equity owner shall obtain from the third party offeror an earnest money deposit (of at least 15% of the offering price) and deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have forty-five (45) days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the forty-five (45) day period, Franchisee or its equity owner shall be free for ninety (90) days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall affect no other sale or transfer of this Agreement or Franchisee's interest in this Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.

**8.3.2 Conditions for Approval.** Franchisor may condition its approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or of ~~the any~~ interest in Franchisee (as set forth in Section 8.3) upon satisfaction of the following requirements:

**8.3.2.1.** All of Franchisee's accrued monetary obligations to Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business have been satisfied;

**8.3.2.2.** All existing defaults under the Franchise Agreement have been cured within the period permitted for cure;

**8.3.2.3.** Franchisee and its equity owners, if Franchisee is a business entity, has executed a general release under seal, in a form satisfactory to Franchisor of any and all claims against Franchisor and its parent, predecessor and affiliate and their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

**8.3.2.4.** Franchisee has provided Franchisor a copy of the executed

purchase agreement relating to the proposed transfer with all supporting documents and schedules;

**8.3.2.5.** The transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any Generator Supercenter Business, except that the transferee may be an existing franchisee of Franchisor;

**8.3.2.6.** At Franchisor's option, the transferee (and, if the transferee is not an individual, such equity owners of the transferee as Franchisor may request) shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees;

**8.3.2.7.** Franchisee has complied, to Franchisor's satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Franchised Business as required by this Agreement to conform to Franchisor's then-current standards and trade dress;

**8.3.2.8.** Franchisee or transferee has paid Franchisor a transfer fee equal to Franchisor's then-current initial franchise fee, however, no transfer fee shall apply if the transferee is a member of the immediate family or a key employee of the transferring franchisee and will continue operations at the Franchisee's current location;

**8.3.2.9.** The transferee and its General Manager shall complete Franchisor's training program to Franchisor's satisfaction at the transferee's own expense within the time frame set forth by Franchisor;

**8.3.2.10.** Franchisee acknowledges and agrees that the post-termination provisions of this Agreement including, without limitation, the non-competition provisions, shall survive the transfer of the Franchise; and

**8.3.2.11.** Franchisor, Franchisee, Transferee and any Guarantors enter into Franchisor's then-current form of Transfer Agreement.

**8.4 Transfer to a Corporation or Limited Liability Company.** If Franchisee is one or more individuals or a partnership, Franchisee may assign its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

**8.4.1** The corporation or limited liability ~~corporation~~company is newly organized

and its activities are confined to operating the Franchised Business;

**8.4.2** Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or owns a controlling interest in the limited liability company;

**8.4.3** The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations under this Agreement;

**8.4.4** All stockholders of the corporation, or members and managers of the limited liability company, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the Agreement including all non-competition covenants set forth in Section 7.4;

**8.4.5** Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation;

**8.4.6** Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4. However, Franchisee shall pay Franchisor's expenses in connection with a transfer under this Section 8.4 if Franchisee has not completed the transfer, including complying with this Section 8, as applicable, within sixty (60) days following the execution of this Agreement but in no event later than the opening of the Franchised Business.

## **8.5 Secured Interests and Securities.**

**8.5.1** Franchisee shall not grant, and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

**8.5.2** If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8.

**8.6 Transfer by Franchisor.** Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise Agreement.

## **9. BREACH AND TERMINATION**

**9.1 Termination by Franchisee.** Franchisee may terminate this Agreement for cause if Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within sixty (60) days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature

of the breach and allow Franchisor ninety (90) days after receipt of the notice to correct the breach. Franchisee's failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee's right to complain of that breach. If Franchisor fails to cure any material breach within the ninety (90) day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within ninety (90) days, but Franchisor takes action within ninety (90) days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee's termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

**9.2 Termination by Franchisor.** If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers a notice of termination, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an approved supplier. Franchisor may terminate this Agreement under the following circumstances:

**9.2.1 With Cause and With Opportunity to Cure.** If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

(a) seven (7) days if the failure relates to the use of the Proprietary Marks;

(b) fifteen (15) days if the failure relates to Franchisee's failure to make any payment of money to Franchisor or its parent, predecessor or any affiliate or any Third Party Payee (in violation of Section 6.3.10); and

(c) thirty (30) days if the failure relates to any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee's alleged breach of this Agreement shall be deemed cured if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

**9.2.2 With Cause and Without Opportunity to Cure.** Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

(a) **Criminal Acts.** If Franchisee or any partner, director, officer, shareholder or member of Franchisee is convicted of or pleads guilty or no contest to a felony or is convicted of or pleads guilty or no contest to any criminal acts involving moral turpitude, or other criminal acts which may affect the reputation of the Franchised Business or goodwill of the Proprietary Marks.

(b) **Fraud.** If Franchisee is convicted of or pleads guilty or no contest to fraud, or has reached a civil settlement involving fraud in the operation of the Franchised Business.

(c) **Misrepresentation.** If Franchisee intentionally misrepresents itself in any way (including through omission of information) in connection with the franchise application.

(d) **Voluntary Bankruptcy.** If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated as bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

(e) **Involuntary Bankruptcy.** If proceedings are commenced to have Franchisee adjudicated as bankrupt or to seek a reorganization of Franchisee under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

(f) **Liens.** If a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within sixty (60) days.

(g) **Insolvency.** If Franchisee, any partner of Franchisee, or the majority equity owner of Franchisee is insolvent.

(h) **Repeated Breaches.** If Franchisor sends Franchisee three (3) or more written notices to cure pursuant to Section 9.2.1 in any twelve (12) month period.

(i) **Breach of Other Agreements.** If Franchisee or any partner, director, officer, shareholder or member of Franchisee materially breaches any other agreement with Franchisor or its parent, predecessor or affiliate, or any lease for the premises of the Franchised Business, and does not cure the breach within any permitted period for cure; ~~provided, however, this Section 9.2.2(i) shall not apply to the breach of a separate franchise agreement between Franchisee and Franchisor with respect to another Franchised Business.~~

(j) **Intentional Underreporting or Misstatement.** If Franchisee intentionally underreports, misrepresents or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Revenues required to be reported under this Agreement.

**(k) Abandonment.** If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" means conduct of Franchisee which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Franchised Business as a Generator Supercenter Business for a period of three (3) or more consecutive days without the prior written approval of Franchisor.

**(l) Failure to Open Franchised Business.** If Franchisee fails to open the Franchised Business during the time periods set forth in this Agreement.

**(m) Public Health and Safety.** If a threat or danger to public health or safety results from the maintenance or operation of the Franchised Business or any violation of health or safety law occurs at the Franchised Business that could have been cured and was ignored.

**(n) Restrictive Covenants.** Upon any violation of any covenants set forth in Section 7.4 of this Agreement.

**(o) Confidential Information.** If Franchisee uses the Confidential Information in an unauthorized manner.

**(p) Insurance.** If Franchisee fails to maintain required insurance coverage.

**(q) Unauthorized Transfer.** If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement.

**(r) Failure to Provide Access.** If Franchisee fails or refuses to permit Franchisor unfettered access to the Franchised Business premises.

**(s) Loss of Occupancy.** If Franchisee loses the right to occupy the Franchised Business premises.

Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

**9.3 Nonwaiver.** Franchisor's delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor's consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

## **10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION**

**10.1 Franchisee's Obligations.** Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

**10.1.1** Cease immediately all operations under this Agreement;

**10.1.2** Pay to Franchisor all unpaid fees and pay Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business all other monies owed them. Franchisee will pay all fees due to Franchisor or suppliers by the twelfth (12<sup>th</sup>) of the following month after termination;

**10.1.3** Discontinue immediately the use of the Proprietary Marks;

**10.1.4** Immediately return the Confidential Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by Franchisor and immediately cease to use the Confidential Information;

**10.1.5** Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers;

**10.1.6** Promptly surrender to Franchisor all computers and electronic files related to the Franchise Business.

**10.1.610.1.7** Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the trade dress of the Generator Supercenter System;

**10.1.710.1.8** Sell to Franchisor or its designee (1) all inventory in useable form bearing the Proprietary Marks and (2) any inventory, furnishings, equipment, seating, tables, desks, signs or fixtures. Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within fifteen (15) days following the date of termination or expiration;

**10.1.810.1.9** If Franchisor elects to assume Franchisee's lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including trade dress, signs, furnishings and fixtures, so that they no longer resemble a Generator Supercenter Business and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee in its sole discretion;

**10.1.910.1.10** Cease to hold itself out as a franchisee of Franchisor;

**10.1.1010.1.11** Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) calendar days after the termination, expiration or transfer of this Agreement;

10.1.1110.1.12 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer; and

10.1.1210.1.13 Comply with the post-termination covenants set forth in Section 7.4, all of which shall survive the transfer, termination or expiration of this Agreement.

**10.2 Liquidated Damages; Termination.** Franchisee confirms that Franchisor will suffer substantial damages by virtue of the termination of this Agreement, including, without limitation, lost Royalty Fee revenue, lost market penetration and goodwill in the Territory, lost opportunity costs and the expense Franchisor will incur in developing another franchise for the Territory, which damages are impractical and extremely difficult to ascertain and/or calculate accurately, and the proof of which would be burdensome and costly, although such damages are real and meaningful to Franchisor and the System. Accordingly, in addition to all other obligations under this Section 10 and this Agreement, in the event that Franchisor terminates this Agreement for Franchisee's default hereunder, Franchisee agrees to pay to Franchisor in a lump sum on the effective date of termination, liquidated damages, which represents a fair and reasonable estimate of Franchisor's foreseeable losses as a result of such termination, and which are not in any way intended to be a penalty, in an amount equal to the average of the monthly the Royalty Fee paid (or payable) over the past twelve (12) months times the lesser of twenty-four (24) or the number of full calendar months remaining in the term of this Agreement at the time of termination. If Franchisee had not operated the Franchised Business for at least twelve (12) months, then the average of the monthly Royalty Fee will be calculated during the period that Franchisee operated the Franchised Business. Franchisee's payment to Franchisor under this Section will be in lieu of any direct monetary damages that Franchisor may incur as a result of Franchisor's loss of Royalty Fee revenue that would have been owed to Franchisor after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under this Agreement, including, without limitation, Section 16 and Section 17, Franchisor's right to injunctive relief, and any attorneys' fees and other costs and expenses to which Franchisor is entitled under this Agreement. The foregoing shall be in addition to all other remedies available to Franchisor under this Agreement and at law.

10.2-10.3 **Power of Attorney.** Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

## 11. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

Notwithstanding the foregoing, knowledge of a change in Franchisor's principal place of

business shall be deemed adequate designation of a change and notice shall be sent to the new address. Notices sent by regular mail shall be deemed delivered on the third business day following mailing.

## **12. INTERPRETATION; DISPUTE RESOLUTION**

**12.1 Amendments.** This Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Nothing in this Agreement is intended to disclaim any information contained in the Franchisor's disclosure document.

**12.2 Choice of Law and Selection of Venue.** This Agreement shall be governed by the laws of the State of Texas. Except as provided in Section 12.3 and 12.4 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts of the then-current County and State where Franchisor's corporate headquarters is located. Franchisee hereby irrevocably consents to the personal jurisdiction of the courts in the then-current County and State where Franchisor's corporate headquarters is located, as set forth above. Any action or proceeding under this Agreement shall be brought on an individual basis, and not on a class-wide or multiple plaintiff basis or as an action where any party hereto acts in a representative capacity, unless prohibited by law.

**12.3 Injunctive Relief.** Nothing in this Agreement shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

**12.4 Arbitration.** Except as set forth in Section 12.3 above, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the American Arbitration Association ("AAA") responsible for administering claims filed in the then-current County and State where Franchisor's corporate headquarters is located, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of Texas for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Franchisor and Franchisee shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation.

The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Franchisor and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Franchisor nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent

permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Franchisor and Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the applicable United States District Court or the Courts of the then-current County and State where Franchisor's corporate headquarters is located, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

**12.5 Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means the spouse, parent, children and siblings of Franchisee and the parents, children and siblings of Franchisee's spouse. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

**12.6 Successors.** References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

**12.7 Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or its parent, predecessor or affiliate or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at its option may terminate this Agreement immediately upon written notice to Franchisee.

**12.8 No Right to Offset.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or its parent, predecessor or affiliate or as an offset against any amount Franchisor or any of its parent, predecessor or affiliate may owe or allegedly owe Franchisee under this Agreement or any related agreements.

**12.9 Rights Cumulative.** No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

**12.10 Parties.** The sole entity against which Franchisee may seek damages or any remedy under law or equity for any claim is Franchisor or its successors or assigns. The shareholders, members, directors, officers, employees, agents and representatives of Franchisor and of its parent, predecessor or affiliates shall not be named as a party in any litigation, arbitration or other proceedings commenced by Franchisee if the claim arises out of or relates to this agreement.

**12.11 Limitation of Liability.** To the extent permitted by law, in no event shall Franchisor be liable for any indirect, special, consequential, punitive or any other damages that are not direct damages, regardless of the nature of the claim for damages.

**12.12 Jury Trial Waiver.** Franchisor and Franchisee, respectively, waive any right either might have to trial by jury on any and all claims asserted against the other. Franchisor and Franchisee, respectively, each acknowledge that they have had a full opportunity to consult with legal counsel concerning this waiver, and that this waiver is informed, voluntary, intentional and not the result of unequal bargaining power.

**12.13 Franchisor Approval and Discretion.** To the extent that Franchisor's consent or approval is required or any decision is subject to the discretion of the Franchisor, and whenever Franchisor exercises a right, prescribes an act or thing, or otherwise makes a choice or uses discretion, the parties agree that Franchisor has the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions, except that Franchisor will not act arbitrarily or unreasonably. However, Franchisor will not be required to consider Franchisee's individual interests or the interests of any other particular franchisee(s), even if a particular decision/action may have negative consequences for Franchisee, a particular franchisee or group of franchisees.

Franchisee acknowledges and agrees that the ultimate decision-making responsibility with respect to the System (among other things) must be, as a practical business matter, vested solely in Franchisor, since Franchisee, Franchisor and all other franchisees have a collective interest in working within a franchise system with the unrestricted flexibility to quickly adjust to changing business conditions, including competitive challenges, new regulatory developments and emerging business opportunities. Franchisee understands and agrees that Franchisor having such rights are critical to its role as Franchisor and to obtain the parties goals for continuing improvement of the Generator Supercenter System.

### **13. REPRESENTATIONS**

**13.1 No Authority.** No salesperson, representative or other person has the authority to bind or obligate Franchisor, except an authorized officer of Franchisor, by a written document. Franchisee acknowledges that no representations, promises, inducements, guarantees or warranties of any kind were made by or on behalf of Franchisor which have led Franchisee to enter into this agreement. Franchisee understands that whether it succeeds as a franchisee is dependent upon Franchisee's efforts, business judgments, the performance of Franchisee's employees, market conditions and variable factors beyond the control or influence of Franchisor. Franchisee further understands that some franchisees are more, or less, successful than other franchisees and that Franchisor has made no representation that Franchisee shall do as well as any other franchisee.

Franchisee specifically acknowledges that he or she has not received or relied on (nor has Franchisor or anyone else provided) any statements, promises or representations that Franchisee will succeed in the franchised business; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your initial franchise fee or other payments to Franchisor; or receive any rights, goods, or service not expressly set forth in this agreement. Any statements regarding actual, potential or probable revenues or profits of any franchised business not contained in the franchise disclosure document is unauthorized,

unwarranted and unreliable, Franchisor will not be responsible for it and it should be reported to Franchisor immediately.

**13.2 Receipt.** The undersigned acknowledges receipt of this agreement, with all blanks completed and with any amendments and exhibits, at least seven (7) calendar days prior to execution of this agreement. In addition, the undersigned acknowledges receipt of Franchisor's uniform franchise disclosure document at least fourteen (14) calendar days prior to the execution of this agreement or Franchisee's payment of any monies to Franchisor, refundable or otherwise.

**13.3 Opportunity for Review by Franchisee's Advisors.** Franchisee acknowledges that Franchisor has recommended, and that Franchisee has had the opportunity to obtain review of this agreement and Franchisor's franchise disclosure document by Franchisee's lawyer, accountant or other business advisor prior to its execution.

**13.4 FRANCHISEE'S INVESTIGATION OF THE BUSINESS POSSIBILITIES.** FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF OPERATING A GENERATOR SUPERCENTER BUSINESS, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE (OR, IF FRANCHISEE IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

**13.5 Execution of Agreement.** Each of the undersigned parties warrants that it has the full authority to sign and execute this agreement. If Franchisee is a partnership, corporation or limited liability company, the person executing this agreement on behalf of the business entity warrants to Franchisor, both individually and in his capacity as partner, officer, member or manager, that all of the equity owners of Franchisee, as applicable, have read and approved this agreement, including any restrictions which this agreement places upon rights to transfer their interest in the business entity.

**13.6 Franchisee's Responsibility for Operation of Business.** Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Business, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of System standards at the Franchised Business. Franchisee acknowledges that it is solely responsible for all aspects of the Franchised Business's operations, including employee and human resources matters. Franchisee further acknowledges that any controls implemented by Franchisor are for the protection of the System and the Proprietary Marks and not to exercise any control over the day-to-day operation of the Franchised Business.

**13.7 Sole and Exclusive Employer.** Franchisee hereby irrevocably acknowledges, affirms, attests and covenants that Franchisee's employees are employed exclusively by Franchisee and in no fashion are any such employees employed, jointly employed or co-employed by Franchisor. Franchisee further acknowledges, affirms and attests that each of Franchisee's employees is under Franchisee's exclusive dominion and control and never under Franchisor's direct or indirect control in any fashion whatsoever. Franchisee alone hires each of Franchisee's employees; sets their schedules; establishes their compensation rates; and pays all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). Franchisee alone has the ability to discipline or terminate Franchisee's employees to the exclusion of Franchisor, and Franchisee acknowledges that Franchisor has no such authority or ability. Franchisee further acknowledges, attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and other Generator Supercenter Business brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. Franchisee acknowledges, affirms, warrants and understands that Franchisee may staff the Franchised Business with as many employees as Franchisee desires at any time so long as Franchisor's minimal staffing levels are achieved. Franchisee also acknowledges, affirms and attests that any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation. Moreover, Franchisee acknowledges, affirms and attests that any training provided by Franchisor to Franchisee's employees is for the purpose of imparting critical System and brand information to those employees, and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending such allegations, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue.

**13.8 Good Faith.** Franchisor and Franchisee acknowledge that each provision in this Agreement has been negotiated by the parties hereto in good faith and the Agreement shall be deemed to have been drafted by both parties. It is further acknowledged that both parties intend to enforce every provision of this Agreement, including, without limitation, the provisions related to arbitration and choice of venue, regardless of any state law or regulation purporting to void or nullify any such provision.

**13.9 Success Depends on Franchisee.** Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Franchisee's ability as an independent businessperson, its active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

**13.10 No Guarantees.** Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement.

**13.11 Anti-Terrorism Law Compliance.** Franchisee and its equity owners agree to comply with, and to assist Franchisor, to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee, and its owners certify, warrant and represent that none of Franchisee's, or its equity owner's property, or interests are subject to being blocked under any Anti-Terrorism Laws, and that Franchisee and its owners otherwise are not in violation of any Anti-Terrorism laws. "Anti-Terrorism Laws" means 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. Franchisee shall immediately notify Franchisor of any misrepresentation or breach of this Section 13.4011. Franchisor may terminate this Agreement without any opportunity for Franchisee to cure under Section 9.2.1 upon any misrepresentation or breach by Franchisee of this Section 13.4011.

**13.12 Joint and Several Liability.** If two or more persons are the Franchisee under this Agreement, their obligation and liability to Franchisor shall be joint and several.

**13.12-13.13 Signature.** Delivery of a copy of this Agreement bearing (i) an original signature by facsimile transmission, (ii) an original signature by electronic mail in "portable document format" form or (iii) an electronic signature facilitated by a digital transaction management services provider (such as DocuSign), shall have the same effect as physical delivery of the paper document bearing the original signature.

## **14. PERSONAL GUARANTEES**

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all

members and managers, respectively, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Exhibit 3.

## **15. OWNERSHIP OF FRANCHISEE**

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, the Statement of Ownership Interest attached to this Agreement as Exhibit 2 completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Statement of Ownership Interest to reflect any permitted changes in the information that Exhibit 2 now contains. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization or formation, the Operating Agreement; and all other governing documents. If Franchisee is an entity, it must be a single purpose entity and cannot operate any other business using the entity name.

The Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument and may be sufficiently evidenced by one counterpart. Each party may rely upon the facsimile or electronic signature of the other. In addition, at all times while the Agreement is in force, each party expressly agrees to the use and acceptance of signatures by digital or other electronic means. In addition, each party agrees (except with respect to documents required to be signed in the presence of a third party or documents having an additional qualifying requirement in addition to the signature) that the use of a message which represents the document and is transformed by a digital signature, constitutes a sufficient signing of record. Subject to the foregoing restrictions, each party further agrees that a digital or other electronic signature will be accorded the full legal force and effect of a handwritten signature under the law governing the Agreement. Execution of the Agreement at different times and places by the parties shall not affect the validity thereof.

[SIGNATURE PAGE FOLLOWS]

**GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT  
SIGNATURE PAGE**

**FRANCHISEE ACKNOWLEDGES TO FRANCHISOR THAT FRANCHISEE HAS READ THIS FRANCHISE AGREEMENT AND UNDERSTANDS ITS TERMS AND FRANCHISEE WOULD NOT SIGN THIS FRANCHISE AGREEMENT IF FRANCHISEE DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISOR:  
GENERATOR SUPERCENTER FRANCHISING, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

Address for Notices:

Matthew Metcalfe  
Generator Supercenter Franchising, LLC  
23123 State Highway 249  
Tomball, TX 77375  
Telephone: (281) 251-6100  
Fax: \_\_\_\_\_

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

With copy to:

Wayne P. Bunch, Jr., Esq.  
[Fisher Broyles Pierson Ferdinand](#), LLP  
[2925 Richmond Avenue](#)  
[5850 San Felipe, Suite 1200500](#)  
Houston, Texas [7709877057](#)  
Telephone: (713) 955-4080  
Fax: (940) 241-9482

**Exhibit 1  
GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**APPROVED LOCATION**

The Approved Location for the Franchised Business is as follows:

**PROTECTED AREA**

Franchisee's Protected Area is as follows (It is agreed that in the event of any conflict or ambiguity between ZIP Codes and mapping being used to describe the Protected ~~Territory~~Area, the ZIP Codes shall control):

**FRANCHISOR:**  
GENERATOR SUPERCENTER FRANCHISING, LLC

**FRANCHISEE:**  
\_\_\_\_\_

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

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

**Exhibit 2  
GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT  
STATEMENT OF OWNERSHIP INTEREST**

**Effective Date: This document is current and complete  
as of \_\_\_\_\_, 20\_\_**

**IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP,  
COMPLETE THE FOLLOWING**

1. Franchisee Owners Name: \_\_\_\_\_ Address \_\_\_\_\_

2. \_\_\_\_\_  
1. Form of Owner. ~~(Choose (a) or (b))~~

~~(a) — Individual Proprietorship. List individual(s):~~

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

~~(b) — Corporation, Limited Liability Company, or Partnership (circle one). You were incorporated or formed on \_\_\_\_\_ under the laws of \_\_\_\_\_, \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:~~

Name of Each Director/Manager/Officer

Position(s) Held

_____	_____
_____	_____
_____	_____
_____	_____

2. \_\_\_\_\_  
3. Owners. The following list includes the full name, address, telephone and email address of each person or entity that is one of your owners (as defined in the Franchise

Agreement), and fully describes the nature of each owner's interest (attach additional pages if necessary).

**Owner's Name; Contact Information**

**Percentage/Description of Interest**

(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

**4. Identification of Operating Principal.** Your Operating Principal as of the Effective Date is \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**FRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**

**FRANCHISEE:**  
\_\_\_\_\_

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

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

**Exhibit 3**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

**PERSONAL GUARANTY**

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned persons hereby represent to Generator Supercenter Franchising, LLC ("Franchisor") that they are all of the shareholders of Franchisee, or all of the general partners of Franchisee, or all of the members and managers of Franchisee, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise Agreement between Franchisor and Franchisee, dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its parent, predecessor and affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, and without first paying or causing to be paid to Franchisor the transfer fee, if any, provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. The undersigned further agree, without limitation, to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and noncompetition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

**EACH GUARANTOR ACKNOWLEDGES TO GENERATOR SUPERCENTER FRANCHISING, LLC THAT GUARANTOR HAS READ THIS PERSONAL GUARANTY AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Print Name:

\_\_\_\_\_  
Print Name:

**Exhibit 4**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

**TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT**

**THIS TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT** (the “Agreement”) is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”), by and between Generator Supercenter Franchising, LLC., a Texas limited liability company (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (the “Franchisee”).

**WITNESSETH:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Generator Supercenter franchised business (the “Franchise Agreement”); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **TRANSFER; APPOINTMENT**

2.1 **Interest in Telephone Numbers, Internet Web Sites and Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “Telephone Numbers and Listings”); domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the “Internet Web Sites and Listings”) related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Telephone companies or listing companies, Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the “Companies”) with which Franchisee has Telephone Numbers and Listings or Internet Web Sites and Listings: (i) to transfer all of Franchisee’s Interest in such Telephone Numbers and Listings or Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings

or Internet Web Sites and Listings, Franchisee will immediately direct the Companies to terminate such Telephone Numbers and Listings or Internet Web Sites and Listings or will take such other actions as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Companies to transfer all Franchisee's Interest to Franchisor;

2.3.2 Direct the Companies to terminate any or all of the Telephone Numbers and Listings or Internet Web Sites and Listings; and

2.3.3 Execute the Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Companies have duly transferred all Franchisee's Interest to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Telephone Numbers and Listings or Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Companies for the sums Franchisee is obligated to pay such Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees,

agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings or Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Agreement shall be joint and several.

3.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Texas, without regard to the application of Texas conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

**FRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**

**FRANCHISEE:**  
\_\_\_\_\_

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

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

**EXHIBIT 5  
GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**DISCLOSURE QUESTIONNAIRE**

As you know, you and GENERATOR SUPERCENTER FRANCHISING, LLC, a Texas limited liability company (“Franchisor”) are entering into a Franchise Agreement for the operation of a Generator Supercenter Business (the “Franchised Business”). The purpose of this document is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

**Acknowledgments and Representations**

1. Did you receive a copy of Franchisor’s Franchise Disclosure Document (and all exhibits and attachments at least fourteen (14) calendar days prior to signing the Franchise Agreement or paying any consideration to the Franchisor (10 business days for **Michigan**; the earlier of ten (10) business days or the first personal meeting for **New York**; and the earlier of fourteen (14) calendar days or the first personal meeting for **Iowa**)? Check one:  Yes  No. If no, please comment:

\_\_\_\_\_

2. Have you studied and reviewed carefully Franchisor’s Franchise Disclosure Document and Franchise Agreement? Check one:  Yes  No. If no, please comment:

\_\_\_\_\_

3. Did you receive a copy of the Franchise Agreement with any unilateral material changes made by us at least seven (7) calendar days prior to the date on which the Franchise Agreement was executed? Check one:  Yes.  No If no, please comment:

\_\_\_\_\_

4. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one  Yes  No. If no, please comment:

\_\_\_\_\_

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document, including statements, promises or agreements concerning advertising, marketing, training, support services or assistance to be furnished to you? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation:
- 

6. Did any employee, broker, or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business, or the likelihood of success at your Franchised Business? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation:
- 

7. Do you understand that that the Franchise granted is for the right to develop a Franchised Business only in your Protected Area, and that Franchisor has the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue Franchises or licenses or operate competing businesses for or at locations, as Franchisor determines, near your Franchised Business? Check one:  Yes  No. If no, please comment:
- 

8. Do you understand that the Franchise Agreement contains the entire agreement between you and Franchisor concerning your Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding? Check one:  Yes  No. If no, please comment:
- 

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for Franchised Business products and services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change? Check one  Yes  No. If no, please comment:
- 

10. You further acknowledge that Executive Order 13224 (the "Executive Order") prohibits transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

11. Please list all states in which the undersigned are residents:\_\_\_\_\_.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS DOCUMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

This disclosure questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT 6  
GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**ASSIGNMENT OF FRANCHISE AGREEMENT**

**THIS ASSIGNMENT** (this “**Assignment**”) is made and entered into by and between Generator Supercenter Franchising, LLC, a Texas limited liability company (“**Franchisor**”), \_\_\_\_\_, an individual (“**Original Franchisee**”), \_\_\_\_\_, a \_\_\_\_\_ [individual, limited liability company or corporation] (“**New Franchisee**”) and Guarantors, as described herein.

**RECITALS**

**WHEREAS**, Original Franchisee executed that certain Franchise Agreement with Franchisor dated on or about \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”), pursuant to which Original Franchisee obtained the right to develop and operate a Generator Supercenter business. Original Franchisee desires to assign the Franchise Agreement to New Franchisee and New Franchisee desires to accept such assignment. \_\_\_\_\_, an individual, \_\_\_\_\_, an individual, and \_\_\_\_\_, an individual, (collectively, “**Guarantors**”) represents one hundred percent (100%) of the equity and voting power of all outstanding membership interests of New Franchisee.

**WHEREAS**, the consent of Franchisor to this Assignment is required under the Franchise Agreement. Original Franchisee has requested that Franchisor give its consent, and Franchisor is willing to give its consent under the Franchise Agreement, and New Franchisee is willing to accept an assignment by Original Franchisee of all of Original Franchisee’s rights and obligations under the Franchise Agreement, all in accordance with the terms and conditions of this Assignment.

**NOW, THEREFORE**, for and in consideration of the premises and the mutual promises and covenants contained herein, and in order to induce Franchisor to consent to the assignment of the Franchise Agreement from Original Franchisee to New Franchisee, the parties agree as follows:

1. Capitalized terms used but not otherwise defined in this Assignment shall have the same meanings as set forth in the Franchise Agreement. The parties acknowledge and agree that the recitals are true and correct and are made a part of this Assignment.

2. Effective as of the date of this Assignment, Original Franchisee hereby assigns to New Franchisee all of Original Franchisee’s right, title and interest in the Franchise Agreement, and New Franchisee hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement, to the same extent as if New Franchisee were named as the Franchisee therein.

3. Effective as of the date of this Assignment, Guarantors each hereby agree to execute the Guaranty and Assumption of Obligations attached hereto as Exhibit A (the “**Guaranty**”), thereby guaranteeing and assuming the obligations of the Franchisee under the Franchise Agreement.

4. New Franchisee and Guarantors acknowledge that each has received a complete copy of the Franchise Agreement, the Exhibits thereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Assignment was executed. New

Franchisee and Guarantors further acknowledge that each has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled “Disclosure Requirements and Prohibitions Concerning Franchising”, otherwise known as the Franchise Disclosure Document (FDD), at least fourteen (14) calendar days prior to the date on which this Assignment is executed. New Franchisee and Guarantors further acknowledge that prior to receiving Franchisor’s FDD, Franchisor advised New Franchisee and Guarantors of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format.

5. New Franchisee and Guarantors acknowledge that each has read and understood Franchisor’s FDD and this Assignment, the Exhibits hereto, the Franchise Agreement, and agreements relating thereto, and that Franchisor has accorded New Franchisee and Guarantors ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Assignment.

6. Original Franchisee, New Franchisee and Guarantors acknowledge that: (i) other than as set forth in this Assignment, they have not relied on any statement or representation of Franchisor in entering into or consummating this Assignment; (ii) except for this Assignment and the Franchise Agreement, Franchisor has not been involved in any negotiations or agreements pertaining to the transfer from Original Franchisee to New Franchisee; (iii) Franchisor has no knowledge of, and makes no warranties with respect to, the accuracy of any representations made by Original Franchisee, New Franchisee and Guarantors to each other, and assumes no obligation in that regard; (iv) the consent of Franchisor to this Assignment is not an endorsement or undertaking by Franchisor of the monetary or other terms of the transfer from Original Franchisee to New Franchisee; and (v) Original Franchisee, New Franchisee and Guarantors have independently evaluated the transfer from Original Franchisee to New Franchisee and obtained independent professional assistance and have not relied on the consent of Franchisor as an appraisal of the terms of the transfer.

7. Original Franchisee, New Franchisee and Guarantors represent that all of the information furnished to Franchisor in connection with this Assignment is correct and complete. Original Franchisee, New Franchisee and Guarantors acknowledge that Franchisor has relied on this information in giving its consent to this Assignment, and each agrees that Franchisor may terminate the Franchise Agreement by giving written notice if Franchisor discovers that a material misstatement or omission was made in such information.

8. Original Franchisee, New Franchisee and Guarantors each acknowledge and agree that any subsequent transfer or assignment of any interest is subject to the restrictions set forth in the applicable provisions of the Franchise Agreement.

9. New Franchisee shall at no time engage in any business or activities other than the exercise of the rights granted under the Franchise Agreement.

10. Exhibit 2 of the Franchise Agreement shall be deleted in its entirety and shall be replaced with Exhibit B attached hereto and made a part hereof

11. In consideration for the consent of Franchisor to this Assignment, Original Franchisee, New Franchisee and Guarantors on behalf of (i) each of themselves, their successors assigns, heirs, and personal representatives, (ii) all other persons acting on their behalf or claiming under them, and (iii) all entities in which Original Franchisee, New Franchisee and/or Guarantors have or have had an ownership interest (collectively, the “**Releasing Parties**”), release and forever discharge Franchisor, its affiliates and their respective officers, directors, shareholders, members, managers, agents, and employees, and the predecessors, successors,

assigns, heirs, administrators and executors of it and any or all of them (collectively, the “**Franchisor Parties**”) from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action, known and unknown, vested or contingent, which the Releasing Parties now have, have ever had, or may ever have, based on any transaction, event, or circumstance up to the Effective Date. Original Franchisee, New Franchisee and Guarantors covenant, warrant, and agree that each is fully authorized to execute and perform this Assignment, and that each has the authority to bind the Releasing Parties to this Assignment as provided herein. Further, Original Franchisee, New Franchisee and Guarantors, on behalf of themselves and the Releasing Parties, covenant not to sue any of the Franchisor Parties on any of the claims released hereunder.

12. This Assignment shall be governed by the dispute resolution provisions of the Franchise Agreement, and shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of the State of Texas shall prevail (without regard to, and without giving effect to, the application of Texas conflict of law rules).

13. The parties hereto agree to perform any and all acts and to execute and deliver any and all documents that may be reasonably necessary to carry out the intent of this Assignment.

14. This Assignment may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. Delivery of a copy of this Assignment bearing (i) an original signature by facsimile transmission, (ii) an original signature by electronic mail in “portable document format” form or (iii) an electronic signature facilitated by a digital transaction management services provider (such as DocuSign), shall have the same effect as physical delivery of the paper document bearing the original signature.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, each of the undersigned have executed this Assignment on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**ORIGINAL FRANCHISEE:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_, an individual

**NEW FRANCHISEE:**

\_\_\_\_\_

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

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

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

**GUARANTORS:**

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_, an individual

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_, an individual

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_, an individual

In consideration of the execution of the above, Generator Supercenter Franchising, LLC hereby consents to the above referred Assignment on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**GENERATOR SUPERCENTER FRANCHISING, LLC**

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

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

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

**EXHIBIT A  
TO ASSIGNMENT OF FRANCHISE AGREEMENT  
GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** (this “**Guaranty**”) is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. In consideration of, and as an inducement to, the execution of that certain Assignment of Franchise Agreement on this date by Generator Supercenter Franchising, LLC (“**us**,” “**we**,” or “**our**”) related to the assignment of that certain Franchise Agreement dated on or about \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”), as described therein, each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Franchise Agreement (including extensions) and afterward as provided in the Franchise Agreement, that \_\_\_\_\_ (“**Franchisee**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement (including any amendments or modifications of the Franchise Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement (including any amendments or modifications of the Franchise Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Franchise Agreement (including extensions), for so long as any performance is or might be owed under the Franchise Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any interest in the Franchise Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’, arbitrators’, and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel

in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

**IN WITNESS WHEREOF**, the undersigned have duly executed and delivered this Guaranty on the day and year first above written.

**GUARANTORS:**

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_, an individual

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_, an individual

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_, an individual

**EXHIBIT B  
TO ASSIGNMENT OF FRANCHISE AGREEMENT  
STATEMENT OF OWNERSHIP INTEREST**

**Effective Date: This document is current and complete  
as of \_\_\_\_\_, 20\_\_**

**1. Franchisee:** \_\_\_\_\_ **Address**  
\_\_\_\_\_

**2. Form of Owner.**

**Corporation, Limited Liability Company, or Partnership (circle one).** You were incorporated or formed on \_\_\_\_\_ under the laws of \_\_\_\_\_, \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

**Name of Each Director/Manager/Officer**

**Position(s) Held**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**23. Owners.** The following list includes the full name, address, telephone and email address of each person or entity that is one of your owners (as defined in the Franchise Agreement), and fully describes the nature of each owner's interest (attach additional pages if necessary).

**Owner's Name; Contact Information**

**Percentage/Description of Interest**

(a) _____	_____
(b) _____	_____
(c) _____	_____
(d) _____	_____

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**4. Identification of Operating Principal.** Your Operating Principal as of the Effective Date is \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor’s prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**FRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

**EXHIBIT 7  
GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**ELECTRONIC TRANSFER AUTHORIZATION**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND  
PAYABLE TO GENERATOR SUPERCENTER FRANCHISING, LLC("COMPANY")**

Depositor hereby authorizes and requests \_\_\_\_\_  
(the "Depository") to initiate debit and credit entries to Depositor's  checking or  savings  
account (select one) indicated below drawn by and payable to the order of Generator Supercenter  
Franchising, LLC by Electronic Funds Transfer, provided there are sufficient funds in said account  
to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be  
the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further  
agrees that if any such charge is dishonored, whether with or without cause and whether  
intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Transit/ABA Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

This authority is to remain in full force and effect until Depository has received written  
notification from Generator Supercenter Franchising, LLC and Depositor of its termination.

Depositor: (Please Print)

\_\_\_\_\_

\_\_\_\_\_

Date Signed

\_\_\_\_\_

\_\_\_\_\_

Signature(s) of Depositor, as Printed Above

**Please attach a voided blank check, for purposes of setting up Bank and Transit  
Numbers.**

**EXHIBIT 8  
GENERATOR SUPERCENTER FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned ("AssignorFranchisee") assigns and transfers to Generator Supercenter Franchising, LLC, a Texas limited liability company ("AssigneeFranchisor"), all of Assignor'sFranchisee's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") respecting premises commonly known as \_\_\_\_\_. This Assignment is for collateral purposes only and except as specified in this Agreement, AssigneeFranchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless AssigneeFranchisor takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of AssignorFranchisee there under.

AssignorFranchisee represents and warrants to AssigneeFranchisor that it has full power and authority to so assign the Lease and its interest therein and that AssignorFranchisee has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by AssignorFranchisee under the Lease or under the franchise agreement between AssigneeFranchisor and AssignorFranchisee for the operation of a Generator Supercenter (the "Franchise Agreement"), or in the event of a default by AssignorFranchisee under any document or instrument securing the Franchise Agreement, AssigneeFranchisor shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel AssignorFranchisee there from, and, in such event, AssignorFranchisee shall have no further right, title or interest in the Lease.

AssignorFranchisee agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of AssigneeFranchisor. Throughout the term of the Franchise Agreement and any renewals thereto, AssignorFranchisee agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless AssigneeFranchisor otherwise agrees in writing. If AssigneeFranchisor does not otherwise agree in writing, and upon failure of AssignorFranchisee to so elect to extend or renew the Lease as aforesaid, AssignorFranchisee hereby appoints AssigneeFranchisor as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of AssignorFranchisee for the purpose of effecting such extension or renewal.

**ASSIGNEEFRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**

**ASSIGNORFRANCHISEE:**  
\_\_\_\_\_

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

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

**CONSENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the a fore described Lease hereby:

(a) Agrees to notify AssigneeFranchisor in writing of and upon the failure of AssignorFranchisee to cure any default by AssignorFranchisee under the Lease;

(b) Agrees that AssigneeFranchisor shall have the right, but shall not be obligated, to cure any default by AssignorFranchisee under the Lease within thirty (30) days after delivery by Lessor of notice thereof in accordance with Section (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if AssigneeFranchisor takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by AssigneeFranchisor as tenant there under, Lessor shall recognize AssigneeFranchisor as tenant under the Lease, provided that AssigneeFranchisor cures within the thirty (30) day period the defaults, if any, of AssignorFranchisee under the Lease;

(d) Agrees that AssigneeFranchisor may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment AssigneeFranchisor shall have no further liability or obligation under the Lease as assigneeFranchisor, tenant or otherwise.

(e) On termination or expiration of the Franchise Agreement or the Lease, AssigneeFranchisor shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee'sFranchisor's Proprietary Marks. Assignee'sFranchisor's re-entry shall not be deemed as trespassing.

**FRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**

**LESSOR:** \_\_\_\_\_

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

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

**EXHIBIT 9(a)**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AGREEMENT**  
**(For Employees of Franchisee)**

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”), \_\_\_\_\_ (the “Franchisee”) has acquired the right and franchise from GENERATOR SUPERCENTER FRANCHISING, LLC (the “Company”) to establish and operate a GENERATOR SUPERCENTER business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only in the following territory: \_\_\_\_\_ (the “Protected Area”).

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Generator Supercenter Businesses offering generators and related products and services. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes or may include certain proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (the “Confidential Information”). Confidential Information shall also expressly include all customer personal information that I obtain or have access to.

3. In consideration for my employment with the Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the “Agreement”).

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. As an employee of the Franchisee, the Company and Franchisee may disclose the Confidential Information to me via training programs, the Company’s Confidential Operations Manual (the “Manual”), access to customer information and other general assistance during the term of my employment with the Franchisee.

6. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for the Franchised Business during the term of my employment with the Franchisee and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

7. Any work performed by me during my employment with the Franchisee and any derivative works created by me using the Confidential Information or any proprietary information of the Company are considered “works made for hire” and I will have no ownership interest in the items created.

8. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by the Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement, a breach of the employees or associates of the Franchisee, or a breach of my own duties or the duties hereunder.

9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

10. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

12. I understand, agree and acknowledge that I am an employee of Franchisee as an independent owner of a Generator Supercenter franchise, and I am not an employee of the Company. I agree and understand fully that I have no employment relationship with the Company.

13. This is not a contract for employment and does not guaranty my employment for any set period of time.

14. Subject to the rights of the Franchisee and the Company in Section 11, it is expressly acknowledged, understood and agreed that any and all claims, disputes or controversies

that may arise concerning this Agreement, or the construction, performance, or breach of this Agreement, will be submitted to and adjudicated, determined and resolved through compulsory, binding arbitration. The parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the American Arbitration Association (“AAA”), unless otherwise required by law, for any action or proceeding arising out of or relating to this Agreement, unless otherwise mutually agreed by the parties. It is acknowledged, understood and agreed that any such arbitration will be final and binding and that by agreeing to arbitration, the parties are waiving their respective rights to seek remedies in court, including the right to a jury trial. The parties waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, whether based in contract, tort, statute (including any federal or state statute, law, ordinance or regulation), or any other legal theory. **It is expressly acknowledged, understood and agreed that: arbitration is final and binding; the parties are waiving their right to seek legal remedies in court including the right to a trial by jury; pre-arbitration discovery generally is more limited than and different from that available in court proceedings; the arbitrator’s award is not required to include factual findings or legal reasoning; and any party’s right to appeal or vacate, or seek modification of, the arbitration award, is strictly limited by law.** It is understood, acknowledged and agreed that in any such arbitration, each party will be solely responsible for payment of his/her/its own counsel fees, and the parties shall each pay their required portion of arbitration costs. Questions regarding the enforceability and scope of this arbitration provision will be interpreted and enforced in accordance with the U.S. Federal Arbitration Act. Otherwise, the terms of this Agreement shall be governed by the laws of the State of employment. Any such arbitration will be conducted in the county and State of employment.

14. In the event any action for equitable relief, injunctive relief or specific performance is filed, or should any action be filed to confirm, modify or vacate any award rendered through compulsory binding arbitration, I hereby irrevocably agree that the forum for any such suit will lie with a court of competent jurisdiction in the county and State of employment, and hereby agree to the personal jurisdiction and venue of such court.

15. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee’s and Company’s officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the “Company” under the terms of this Agreement. As used in this Agreement the term “successor” will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

[SIGNATURE PAGE FOLLOWS]

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

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

**ACKNOWLEDGED BY FRANCHISEE**

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**ACKNOWLEDGED BY COMPANY  
GENERATOR SUPERCENTER FRANCHISING, LLC**

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

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

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

Date: \_\_\_\_\_

**EXHIBIT 9 (b)**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

**CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**  
**(for non-affiliated spouses of Franchisee/Franchisee's owners)**

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"), \_\_\_\_\_ (the "Franchisee") has acquired the right and franchise from GENERATOR SUPERCENTER FRANCHISING, LLC (the "Company") to establish and operate a Generator Supercenter Business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only in the following territory: \_\_\_\_\_ (the "Protected Area").

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Generator Supercenter offering generators and related products and services. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and experience in, the operation of the Franchised Business (the "Confidential Information"). Confidential Information shall also expressly include all customer personal information that I obtain or have access to.

3. In consideration for the Company agreeing to enter into a Franchise Agreement with the Franchisee and my access to Confidential Information of Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality, Non-Disclosure and Non-Competition Agreement (the "Agreement").

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in assisting with the operation of the Franchised Business during the term of my spouse's association with the Franchisee or the expiration or termination of the Franchise Agreement, whichever occurs first, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

7. I understand and agree that I will have no ownership interest in any derivative works created by me, the Franchisee's employees, or any third party using the Confidential Information or any proprietary information of the Company.

8. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with assisting the operation of the Franchised Businesses, and will continue not to disclose or use any such information even after my spouse ceases to be associated with the Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement, a breach of the employees or associates of the Franchisee, or a breach of my own duties or the duties of my spouse hereunder.

9. Except as otherwise approved in writing by the Company, I shall not, during my spouse's association with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation (i) divert or attempt to divert any member, business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or (ii) own, maintain, engage in, be employed by, or have any interest in any other business which offers generators, installation and maintenance services and other products or services offered by Generator Supercenter Businesses (a "Competing Business"); or (iii) own, maintain, engage in, be employed by or have any interest in any company that grants licenses or franchises for a Competing Business. Further, for a continuous uninterrupted period commencing upon the expiration or termination of (a) the Franchise Agreement or (b) my spouse's affiliation with the Franchisee (whichever occurs first), regardless of the cause for termination, and continuing for two (2) years, I shall not either directly or indirectly, for myself or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation (i) own, maintain, engage in, be employed by or have any interest in a Competing Business within a radius of 10 miles (as the crow flies) of the Generator Supercenter, or any other Generator Supercenter Business in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for a Generator Supercenter Business; or (ii) own, maintain, engage in, be employed by or have any interest in any company that grants licenses or franchises for a Competing Business.

The prohibitions in this Paragraph 9 do not apply to my spouse's continuing interests in or activities performed in connection with a Franchised Business that is still in operation.

10. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

11. I understand and acknowledge that the Company shall have the right, in its sole

discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

12. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

13. This is not a contract for employment. I agree and understand that I have no employment relationship with the Company.

14. The methods of dispute resolution and the governing law outlined in the Franchise Agreement are incorporated herein and shall govern any dispute in the meaning, understanding, effect, enforcement, interpretation or validity of this Agreement.

15. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company" under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

[SIGNATURE PAGE FOLLOWS]

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

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

**ACKNOWLEDGED BY FRANCHISEE**

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**ACKNOWLEDGED BY COMPANY  
GENERATOR SUPERCENTER FRANCHISING, LLC**

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

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

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

Date: \_\_\_\_\_

**EXHIBIT D**  
**LIST OF FRANCHISEES**

Current Franchisees  
As of December 31, ~~2022~~2023

[JH Birmingham](#)  
[2811 18th Street S.](#)  
[Birmingham, AL](#)  
[855-789-4400](#)

Partida Holdings LLC  
7321 W. Sunset Ave ~~Ste.~~, Suite #B  
Springdale, AR 72762  
479-413-0034

[JB Power](#)  
[2645 E. Riverside Street, Suite #B](#)  
[Ontario, CA 91752](#)  
[909-206-1468](#)

[DNS4 Freedom](#)  
[10100 Twenty Mile Road, Unit 108](#)  
[East Denver, CO](#)  
[720-799-5456](#)

~~I3 Power Inc~~  
~~3800 N 28<sup>th</sup> Terrace~~  
~~Hollywood, FL 33020~~  
~~305-900-5055~~

Central Backup LLC  
804 E. Altamonte Dr.  
Altamonte Springs, FL 32701  
407-984-5000

[Imperium Bay Solutions LLC](#)  
[4129 Gunn Highway](#)  
[Clearwater, FL](#)  
[813-488-6030](#)

[SWFL ONE LLC](#)  
[16243 S. Timiami Trail](#)  
[Fort Myers, FL 33908](#)  
[239-887-6090](#)

~~I 3 Power Inc~~  
~~3800 N 28<sup>th</sup> Terrace~~  
~~Hollywood, FL 33020~~  
~~305-900-5055~~

Gold Coast SRB  
808 Phillips Hwy ~~Ste., Suite~~ #1  
Jacksonville, FL 33256  
904-379-4189

I-3 Power Inc.  
2769 SW 22nd Street  
Miami, FL East  
305-900-5055

XT Holdings  
889 S Williamson Blvd., Suite 1307  
Port Orange FL  
561-774-7714

Imperium Bay Solutions  
4129 Gunn Hwy  
Tampa Bay, FL 33618  
813-488-6030

SWFL ONE LLC  
343 Interstate Blvd.  
Sarasota, FL 34240  
941-271-7989

SWFL ONE LLC  
16243 S. Timiami Tr.  
S.R Standby Solutions LLC  
1519 Capital Cir NE, #17  
Tallahassee, FL  
850-739-1013

Imperium Bay Solutions  
4129 Gunn Hwy.  
Tampa Bay, FL 33618  
813-488-6030

Fort Myers, FL 33908  
239-887-6090

XT Holdings Inc.  
2609 W. New Haven Ave.  
West Melbourne, FL 32904  
321-900-1001

XT Holdings Inc.  
2271 Palm Beach Lakes Blvd.  
West Palm Beach, FL 33409  
561-774-7714

Coastal CRB LLC

11102 Abercorn Street  
Savannah, GA 31419  
912-349-3736

Hogan Management Systems  
1009 Mansell [RdRoad](#), #C-2  
Roswell, GA 30076  
678-885-9571

[MFPA LLC](#)  
[7698 Crosspoint Commons](#)  
[Fishers, IN 76038](#)  
[317-827-0808](#)

Go Yard Inc  
13000 Middletown Industrial Blvd ~~Ste.~~, Suite G  
Louisville, KY 40223  
502-749-6900

JH Baton Rouge LLC  
8976 Interline Ave.  
Baton Rouge, LA 70809  
855-789-4400

JH Lake Charles  
3407 Derek Dr.  
Lake Charles, LA  
855-789-4400

JH Shreveport LLC  
~~Minden~~7460 Youree Dr., Suite 190  
Shreveport, LA 71105  
855-789-4400

MJS Enterprises LLC  
251 US-1  
Falmouth, ME 04105  
603-731-4003

Stringfellow Enterprises  
12 Lincoln Ct.  
Annapolis, MD 21401  
410-697-5530

KPS of NW Maryland  
415 S. Jefferson St.  
Frederick, MD 21701  
301-887-5303

~~Stringfellow Enterprises~~  
~~12 Lincoln Ct.~~  
~~Annapolis, MD 21401~~  
~~410-697-5530~~

CW Enterprises  
251 Andover Street  
Peabody, MA 01960  
978-300-2547

~~Double Circle LLC~~  
~~53115 Grand River Ave.~~  
~~New Hudson, MI 48615~~  
~~248-264-6044~~

Triple Circle LLC  
4284 Plainfield Ave. NE  
Grand Rapids, MI 49525  
616-202-6996

[Double Circle LLC](#)  
[53115 Grand River Ave.](#)  
[New Hudson, MI 48615](#)  
[248-264-6044](#)

[JH Biloxi](#)  
[3516 Sangani Blvd., Suite F2](#)  
[Biloxi, MS](#)  
[855-789-4400](#)

Sanford Enterprises LLC  
28 Portsmouth Ave  
Stratham, NH 023885  
6003-731-4003

TRJ of Rochester  
1100 Jefferson Rd.  
Rochester, NY 14623  
585-318-3306

[Triple Power Supply Inc](#)  
[8601 Glenwood Ave D](#)  
[Raleigh, NC 27617](#)  
[\(919\) 925-3434](#)

BtoC Inc.  
5529 Business Dr., B  
Wilmington, NC 28405  
910-627-0147

~~[Hogan Management Corp.](#)~~  
~~[8601 Glenwood Ave.](#)~~  
~~[Raleigh, NC 27617](#)~~  
~~[919-925-3434](#)~~

Partida Holdings  
3632 E I-35 Frontage Road  
Edmond, OK 73013  
405-341-0341

Partida Holdings LLC  
1760 NW 82<sup>nd</sup> St.  
Lawton, OK 73505  
580-350-5301

Partida Holdings  
8202 E. 471<sup>st</sup> St.  
Tulsa, OK 74145  
918-500-7173

[Blondie Enterprises LLC](#)  
[1519 W Liberty Ave.](#)  
[Pittsburgh, PA 15226](#)  
[412-947-4472](#)

[RCWB LLC](#)  
[1321 W. Wade Hampton Blvd.](#)  
[Greenville, SC](#)  
[864-469-6986](#)

Chucktown Ventures LLC  
~~6902 N. Kings Hwy Myrtle Beach, SC 29572~~  
~~843-790-7340~~

~~Chucktown Ventures LLC~~  
~~3365 S. Morgan Point Rd.~~  
~~Mt. Pleasant, SC 29466~~  
~~843-806-2579~~

~~Chucktown Ventures LLC~~  
~~6902 N. Kings Hwy.~~  
~~Myrtle Beach, SC 29572~~  
~~843-790-7340~~

KLG LLC  
2655 8<sup>th</sup> Ave.  
Nashville, TN 37204  
615-879-1952

~~GMBC Enterprises LLC~~  
~~4033 Canyon Dr.~~  
~~Amarillo, TX 79110~~  
~~(806) 223-5145~~

~~CGAT Investments~~  
~~10985 A, Eastex Fwy.~~  
~~Beaumont, TX 77708~~  
~~409-363-5055~~

~~Phoenixe Corporation~~  
~~2020 N. Bell Blvd., #B1C~~  
~~Cedar Park, TX 78613~~  
~~512-765-4101~~

~~L Littlefield LLC~~  
~~4400 Hwy 6 South~~  
~~College Station, TX 77845~~  
~~979-820-0162~~

~~RD Family Investments LLC~~  
~~6500 S. Padre Island Dr., #14~~  
~~Corpus Christi, TX 78412~~  
~~361-782-6329~~

Burns Endeavors  
3801 N. Interstate 35, #146  
Denton, TX 76207  
940-320-5600

~~CGAT Investments~~  
~~10985 A, Eastex Frwy~~

Beaumont, TX 77708  
409-363-5055

CGAT Investments  
1600 W. Fran Ave.  
Lufkin, TX 75904  
936-632-6916

[Brad Swift](#)  
[11220 TX-HWY 191](#)  
[Midland, TX 79707](#)  
[\(432\) 553-9018](#)

[WDVT Investments](#)  
[808 Interstate 2](#)  
[Mission, TX 78572](#)  
[956-782-6329](#)

[L-Littlefield LLC](#)  
[4400 Hwy 6 South](#)  
[College Station, TX 77845](#)  
[979-820-0162](#)

Perry Dale Holdings LLC  
11312 Perrin [BietelBeitel](#)  
San Antonio, TX 78217  
210-985-0150

[Phoenixe Corporation](#)  
[2020 N. Bell Blvd #B1C](#)  
[Cedar Park, TX 78613](#)  
[512-765-4104](#)

[RD Family Investments LLC](#)  
[6500 S. Padre Island Dr. #14](#)  
[Corpus Christi, TX 78412](#)  
[361-782-6329](#)

RWDST Investments  
4800 N. Navarro  
Victoria, TX 77904  
361-333-8333

[Utley Holdings Inc](#)  
[116 Winners Circle](#)  
[Weatherford, TX 76087](#)  
[\(325\) 400-1500](#)

[WDVT Investments](#)  
[808 Interstate 2](#)  
[Mission, TX 78572](#)  
[956-782-6329](#)

Flanagan Holdings LLC  
708 W. Riverdale Rd.  
[EgdenRiverdale](#), UT 84405  
801-882-9222

Clark Home Solutions LLC

21005 Ashburn Crossing Dr.  
Ashburn, VA 20417  
703-880-9850

Clark Home Solutions LLC  
9830 West Broad Street  
Glen Allen, VA 23060  
703-880-9850

**Franchisees with Franchise Agreements Signed but not Yet Open  
As of December 31, ~~2022~~2023**

~~JH Birmingham  
Birmingham, AL  
855-789-4400~~

~~[Brian Jeans JH Holdco](#)  
[Huntsville, AL, 35659](#)  
[\(205\) 826-0601](#)~~

JH Mobile  
Mobile, AL  
855-789-4400

~~[Brian Jeans JH Holdco](#)  
[Montgomery, AL](#)  
[\(205\) 826-0601](#)~~

~~JH Southern Arkansas  
Texarkana, AR  
855-789-4400~~

Partida Holdings LLC  
Little Rock, AR  
580-370-6269

~~[JH Southern Arkansas](#)  
[Texarkana, AR](#)~~

[855-789-4400](tel:855-789-4400)

[JB Power](#)  
[2645 E. Riverside Sr. Ste #B](#)  
[Ontario, CA 91752](#)  
[909-206-1468](tel:909-206-1468)

Derrick Stevens  
Central Denver, CO  
720-799-5456

[DNS4 Freedom](#)  
[East Denver, CO](#)  
[720-799-5456](tel:720-799-5456)

Stringfellow Enterprises  
Delaware  
443-603-7884

[Gupta Reliable Solutions LLC](#)  
[Lakeland, FL 33801](#)  
[\(804\) 839-7000](tel:(804)839-7000)

[I 3 Power Inc](#)  
[N. Miami, FL](#)  
[305-900-5055](tel:305-900-5055)

[SWFL ONE LLC](#)  
[Naples, FL](#)  
[239-887-6090](tel:239-887-6090)

[I-3 Power Inc,](#)  
[Miami, FL East](#)  
[305-900-5055](tel:305-900-5055)

[Gupta Reliable Solutions LLC](#)  
[Gainesville, FL 32601](#)  
[\(804\) 839-7000](tel:(804)839-7000)

Central Backup LLC  
Orlando, FL  
407-848-9072

~~Coastal CRB  
St. Johns, FL  
904-379-4189~~

~~Imperium Bay Solutions LLC  
St. Petersburg, FL  
813-488-6030~~

Kam Hasmukh  
Pensacola, FL  
850-739-1013

~~Coastal CRB  
St. Johns, FL  
904-379-4189~~

~~S.R Standby Solutions LLC  
Tallahassee, FL  
850-739-1013~~

~~SWFL ONE LLC  
Naples, FL  
239-887-6090~~

~~SR Standby solutions  
Albany, GA 31701  
(832) 541-5261  
XT Holdings  
Daytona FL  
561-774-7714~~

Hogan Management Systems  
~~NE~~ Atlanta, GA  
678-885-9751

~~MFPA LLC  
Fishers, IN 76038  
317-827-0808~~

~~MFPA LLC  
Southern Indianapolis, IN  
317-827-0808~~

JH Lafayette LLC  
Lafayette, LA  
855-789-4400

[JH Lake Charles](#)  
[Lake Charles, LA](#)  
[855-789-4400](#)

Jon King  
Baltimore, MD  
301-887-5303

Jon King  
Gaithersburg, MD  
301-887-5303

Jon King  
North East, MD  
301-887-5303

Stringfellow Enterprises  
East Maryland  
443-603-7884

[Brian Jeans JH HoldCO](#)  
[Hattiesburg, MS 39056](#)  
[\(601\) 543-2855](#)

[Brian Jeans JH HoldCO](#)  
[Jackson, MS 39056](#)  
[\(601\) 543-2855](#)

[Brad Blankenship](#)  
[David Lockwood](#)  
[St. Louis, MO 63101](#)  
[\(314\) 265-1852](#)

[JH Biloxi](#)  
[Biloxi, MS](#)  
[855-789-4400](#)

BtoC Inc.  
New Bern, NC  
910-627-0147

[Jeff Denny](#)  
[Pete Chilcutt](#)  
[Winston Salem, NC 27023](#)  
[\(919\) 306-2765](#)

Partida Holdings  
Enid, OK  
580-370-6269

Partida Holdings

SE Oklahoma  
Warren, OK  
580-370-6269

Blondie Enterprises LLC  
Pittsburgh, PA 15226  
412-947-4472

RCWB LLC  
Greenville, SC  
864-469-6986

KAOI Corp  
King of Prussia, PA 19406  
(610) 215-0252

KLG LLC  
Knoxville, TN  
865-250-4792

GMBC Enterprises LLC  
Lubbock, TX 79382  
(806) 223-5145

L Littlefield LLC  
Waco, TX  
713-582-6033

Austin Partida  
Wichita Falls, TX 76301  
(940) 761-4969

Reid Leland  
Provo, UT  
801-882-9222

Reid Leland  
Salt Lake City, UT  
801-882-9222

Clark Home Solutions  
Central Virginia  
703-880-9850

Clark Home Solutions  
S.W. Virginia  
703-880-9850

Clark Home Solutions  
The Valley, Virginia  
703-880-9850



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

As of December 31, ~~2022~~2023

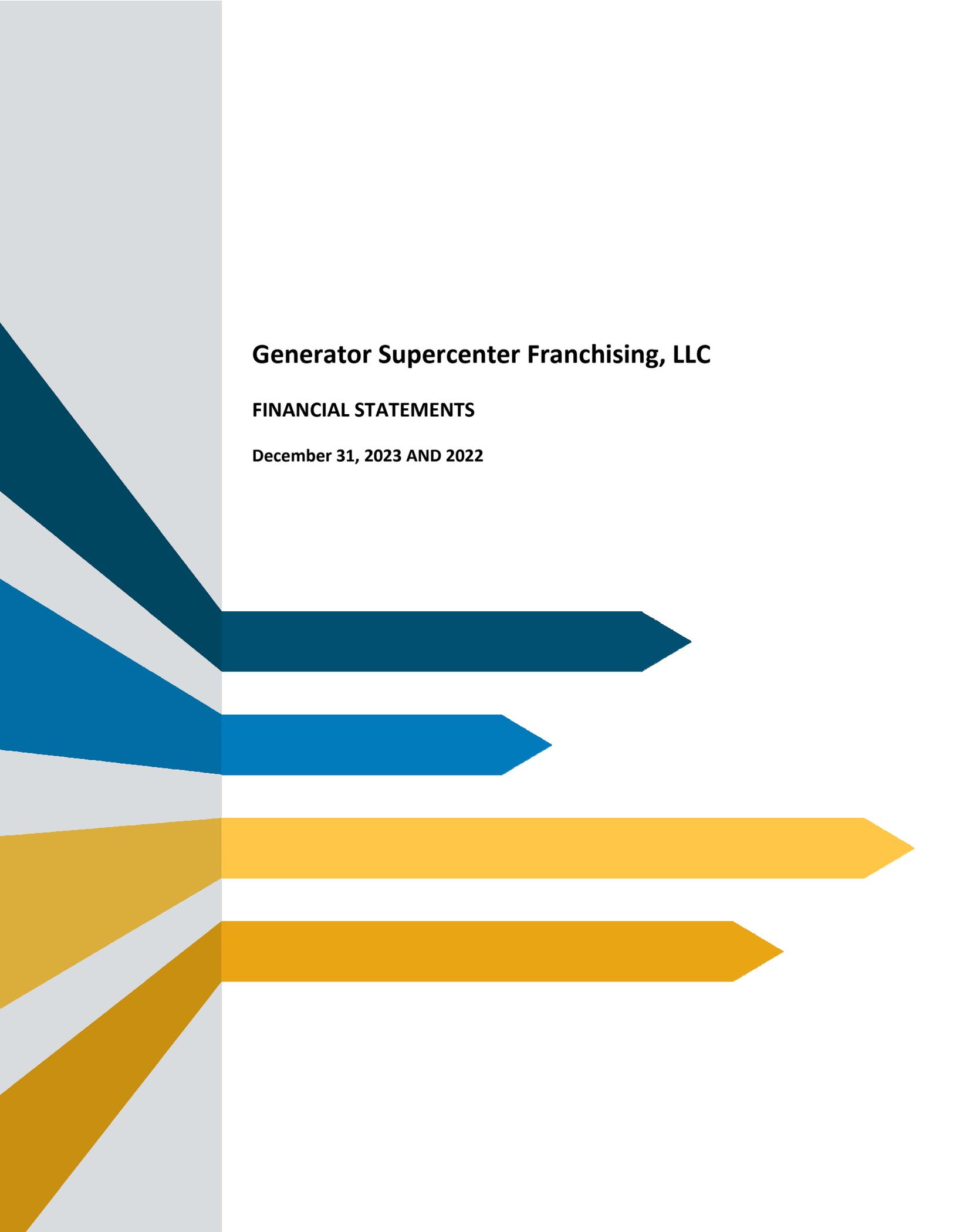
Frank Holm  
West Denver, CO  
520-373-2599  
Goodrich Enterprises  
Brad Scott  
248-264-6044  
Battle Creek, MI

Goodrich Enterprises  
Brad Scott  
248-264-6044  
Lansing, MI

Hogan Management Corporation  
Van Hogan  
919-523-4043  
Greensboro, NC

Hogan Management Corporation  
Van Hogan  
919-523-4043  
Winston Salem, NC

**EXHIBIT F**  
**FINANCIAL STATEMENTS**



**Generator Supercenter Franchising, LLC**

**FINANCIAL STATEMENTS**

**December 31, 2023 AND 2022**

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Statements of Changes in Member’s Equity .....	5
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## **INDEPENDENT AUDITOR'S REPORT**

To Management and the Member  
Generator Supercenter Franchising, LLC  
Tomball, Texas

### **Opinion**

We have audited the accompanying financial statements of Generator Supercenter Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and comprehensive income, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Generator Supercenter Franchising, LLC 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.

### **Correction of Error**

As discussed in Note 4 to the financial statements, certain errors resulting in understatement of amounts previously reported for accounts receivable and revenue as of and for the year ended December 31, 2022, were discovered by management of the Company during the current year. Accordingly, amounts reported for accounts receivable and revenue have been restated in the 2022 financial statements now presented, and an adjustment has been made to members' equity as of December 31, 2022, to correct the error. Our opinion is not modified with respect to that matter.

### **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 Generator Supercenter Franchising, LLC'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 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 Generator Supercenter Franchising, LLC'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 Generator Supercenter Franchising, LLC'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.

*Carr, Rigg & Ingram, L.L.C.*

Houston, Texas  
March 28, 2024

**Generator Supercenter Franchising, LLC**  
**Balance Sheets**

<i>December 31,</i>	<b>2023</b>	2022 (Restated)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,301,614	\$ 5,086,773
Investment in debt securities	3,893,358	-
Accounts receivable	2,638,918	3,859,803
Prepaid expenses	194,414	127,876
Deferred commission expense, current portion	48,475	40,325
Total current assets	<b>8,076,779</b>	9,114,777
Property and equipment		
Office equipment and software	38,751	28,449
Less: Accumulated depreciation and amortization	(21,797)	(12,673)
Property and equipment, net	<b>16,954</b>	15,776
Other assets		
Deferred commission expense, net of current portion	318,066	287,524
<b>Total assets</b>	<b>\$ 8,411,799</b>	<b>\$ 9,418,077</b>
<b>Liabilities and member's equity</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 79,772	\$ 50,470
Contract liabilities, current portion	341,750	297,750
Total current liabilities	<b>421,522</b>	348,220
Long-term liabilities		
Liability for uncertain tax positions	101,000	-
Contract liabilities, net of current portion	2,483,854	2,371,937
Total long-term liabilities	<b>2,584,854</b>	2,371,937
Total liabilities	<b>3,006,376</b>	2,720,157
Equity		
Member's equity	5,329,569	6,697,920
Accumulated other comprehensive income	75,854	-
Total equity	<b>5,405,423</b>	6,697,920
<b>Total liabilities and member's equity</b>	<b>\$ 8,411,799</b>	<b>\$ 9,418,077</b>

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

**Generator Supercenter Franchising, LLC**  
**Statements of Operations and Comprehensive Income**

<i>For the years ended December 31,</i>	<b>2023</b>	2022 (Restated)
<b>Revenues</b>	<b>\$ 11,052,770</b>	\$ 10,236,576
Operating expenses	<b>4,506,123</b>	2,377,638
<b>Operating income</b>	<b>6,546,647</b>	7,858,938
<b>Other income</b>		
Interest income	<b>70,180</b>	34,991
Realized gains on sale of debt securities	<b>22,175</b>	-
<b>Total other income</b>	<b>92,355</b>	34,991
<b>Income before provision for income taxes</b>	<b>6,639,002</b>	7,893,929
Provision for income taxes	<b>101,000</b>	-
<b>Net income</b>	<b>6,538,002</b>	7,893,929
<b>Other comprehensive income</b>		
Unrealized gains on debt securities	<b>75,854</b>	-
<b>Comprehensive income</b>	<b>\$ 6,613,856</b>	\$ 7,893,929

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

**Generator Supercenter Franchising, LLC**  
**Statements of Changes in Members' Equity**

<i>For the years ended December 31,</i>	Members' Equity	Accumulated Other Comprehensive Income	Total
<b>Balance, December 31, 2021</b>	\$ 1,330,573	\$ -	\$ 1,330,573
Net income (as restated)	7,893,929	-	7,893,929
Distributions	(2,526,582)	-	(2,526,582)
<b>Balance, December 31, 2022, as restated</b>	6,697,920	-	6,697,920
Net income	6,538,002	-	6,538,002
Distributions	(7,906,353)	-	(7,906,353)
Unrealized gains on debt securities	-	75,854	75,854
<b>Balance, December 31, 2023</b>	<b>\$ 5,329,569</b>	<b>\$ 75,854</b>	<b>\$ 5,405,423</b>

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

**Generator Supercenter Franchising, LLC**  
**Statements of Cash Flows**

<i>For the years ended December 31,</i>	<b>2023</b>	<b>2022</b> (Restated)
<b>Operating activities</b>		
Net income	\$ 6,538,002	\$ 7,893,929
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	9,124	8,276
Realized gains on sale of debt securities	(22,175)	-
Change in operating assets and liabilities		
Accounts receivable	1,220,885	(1,677,598)
Deferred commission expense	(38,692)	(108,639)
Prepaid expenses	(66,538)	(127,876)
Accounts payable	29,302	(55,423)
Contract liabilities	155,917	598,333
Liability for uncertain tax positions	101,000	-
Net cash provided by operating activities	7,926,825	6,531,002
<b>Investing activities</b>		
Purchase of debt securities	(5,378,329)	-
Proceeds from sale of debt securities	1,583,000	-
Purchases of property and equipment	(10,302)	(10,860)
Net cash used in investing activities	(3,805,631)	(10,860)
<b>Financing activities</b>		
Distributions to members	(7,906,353)	(2,526,582)
Net change in cash and cash equivalents	(3,785,159)	3,993,560
Cash and cash equivalents, beginning of year	5,086,773	1,093,213
Cash and cash equivalents, end of year	\$ 1,301,614	\$ 5,086,773
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### **Note 1: ORGANIZATION AND NATURE OF OPERATIONS**

Generator Supercenter Franchising, LLC (the Company) is a Texas limited liability company formed in August 2016 to offer franchisees to operate a retail and service business providing generators to residential and commercial markets including installation and maintenance services. The Company is a wholly owned subsidiary of Generator Supercenter, Inc. (the Parent Company). At December 31, 2023, the Company had 56 operating franchises, 12 of which were located in the state of Texas with the remainder operating in 21 other states. The Parent Company also owns and operates 4 other locations as well, all of which are in Texas.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly-liquid instruments with an original maturity of 90 days or less.

#### ***Accounts Receivable***

Accounts receivable represent amounts owed to the Company which are expected to be collected within twelve months.

#### ***Allowance for Credit Losses***

Management evaluates its receivables on an ongoing basis by analyzing customer relationships, the age of the receivables and the customer's ability to pay. The allowance for credit losses is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in income as received. There was no allowance for credit losses at December 31, 2023 and 2022 as management considered all receivables to be collectible.

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Investment in Debt Securities***

Debt securities at December 31, 2023 consists of U.S. government securities and are reported at fair value and classified as available-for-sale. Unrealized gains and losses on debt securities are reported as a separate component of equity. Realized gains and losses are determined by the specific identification method and are charged to earnings.

#### ***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation. Expenditures for additions, major renewals and betterments are capitalized and repairs and maintenance are charged to operations as incurred. Depreciation expense is recognized over the estimated useful lives of the property and equipment using the straight-line method over the following estimated useful lives: office equipment and software – three to five years. Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$9,124 and \$8,276, respectively.

#### ***Impairment of Long-Lived Assets***

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets and certain intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

#### ***Income Taxes***

The Company is a component of the Parent Company's federal and Texas state consolidated tax returns. The Parent Company, along with the consent of its stockholders, have elected to be taxed as an S Corporation for federal income tax purposes. Accordingly, no provision for federal income taxes has been recorded in the accompanying financial statements.

The Company is subject to Texas franchise tax, commonly referred to as the Texas margin tax. No provision has been included in the accompanying financial statements due to immateriality.

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company is required to recognize, measure, classify and disclose in the financial statements uncertain tax positions taken or expected to be taken. Management believes the Company does not have any uncertain positions or associated unrecognized benefits that materially impact the financial statements or disclosures. However, since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax positions will not be subjected to additional tax, penalties and interest. As a result, the Company has accrued \$101,000 as income tax expense and as a liability for uncertain tax positions in 2023. Estimated penalties are not significant and no provision has been made for such charges. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

#### ***Revenue from Contracts with Customers***

Revenue is recognized as performance obligations under the terms of the contracts with customers are satisfied. The Company's franchise agreements require the Company as franchisor to perform various pre-opening related services to the franchisee as customer, to support the brand and a variety of other interrelated services. The Company applies the practical expedient in accordance with ASU 2021-02, Franchisors-Revenue from Contracts with Customers, whereby they account for these pre-opening services as distinct from the franchise license as a single performance obligation. These pre-opening services include assistance with site selection, real estate, training, information technology and other services. Accordingly, the Company considers the franchise agreements to represent two performance obligations, the pre-opening services and the transfer of the franchise license combined with its other interrelated services. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The additional services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single additional performance obligation.

The Company recognizes the primary components of the transaction price as follows: The transaction price in a standard franchise agreement primarily consists of (a) initial franchise fees; (b) royalties; (c) technology fees and other various other recurring fees. Since the Company considered the licensing of the franchising right to be two performance obligations, an allocation of the transaction price is made between pre-opening activities and the franchise license.

The Company recognizes the primary components of the transaction price as follows:

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Franchise fees, net of the amount allocated to pre-opening services, are recognized as revenue ratably on a straight line basis over the term of the franchise agreement commencing when the agreement is entered into. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time. These revenues are included as franchise fees in the accompanying statements of operations and comprehensive income.

The Company recognizes revenue from pre-opening services as those services are provided. The fees for these services are typically received in cash at or near the beginning of the franchise term and are initially recorded as a contract liability until recognized as revenue upon performance of these services.

The Company is entitled to royalties based upon a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalties are recognized when the franchisee's reported sales occur and are generally paid to the Company on a monthly basis.

The Company is also entitled to various other one-time and monthly recurring fees related to technology set-up and ongoing services provided. These revenues are recognized monthly as the related services are performed and are generally paid to the Company on a monthly basis.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment as to the collectability of the amount; however, the timing of recognition does not require significant judgment as it based upon the terms of the franchise agreement which does not require estimation.

The Company believes its franchising agreements do not contain a significant financing component.

The Company incurs commission expense for new franchises sold. These commissions paid to employees or third parties are generally paid upon origination of the franchise agreement and are deferred and recognized as expense over the life of the franchise agreement.

Revenues outside the scope of ASC 606 include vendor rebate revenue. The Company earns rebate revenue primarily from Generac Power Systems, Inc. (Generac), the primary vendor for its franchisees. The Company is entitled to rebates on purchases by its franchisee stores from Generac. Rebate revenue is recognized in the same period as the franchisee store purchases. Vendor rebates receivable included in accounts receivable on the accompanying balance sheets at December 31, 2023 and 2022, totaled \$2,026,131 and \$3,310,649, respectively.

### ***Advertising***

Advertising costs are charged to operations as incurred. Advertising expense totaled \$895,004 and \$357,607 for the years ended December 31, 2023 and 2022, respectively.

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Comprehensive Income***

Comprehensive income includes net earnings plus other comprehensive gains. Comprehensive income includes the change in net unrealized gains on available-for-sale debt securities.

#### ***Fair Value of Financial Instruments***

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully described in Note 9. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 28, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### ***Recent Accounting Pronouncements***

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit deterioration.

The Company adopted ASU 2016-13 on January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among these changes in the new standard is the recognition of ROU assets and lease liabilities by lessees for those lease classified as operating leases. Under the standard, disclosures are required to meet the objectives of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Company had no leases during 2022 and therefore, the adoption of this standard had no effect on the Company's financial statements.

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### Note 3: CONCENTRATIONS

Financial instruments that subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company has cash deposits with financial institutions at December 31, 2023 and 2022 in excess of federally insured limits. Concentrations of credit risk with respect to accounts receivable exists due to the limited number of customers comprising the Company's customer base. To reduce risk, the Company routinely monitors and assesses the financial strength of its customers and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

### Note 4: PRIOR PERIOD ADJUSTMENT

Members' equity at December 31, 2022 has been adjusted to include certain rebate revenue not recognized in the proper accounting periods. Rebate revenue for 2022 and members' equity were increased by \$240,182 as a result of the error. Accordingly, the Company has restated its results for the year ended December 31, 2022. The specific line items affected by the prior period adjustment are as follows:

	As Previously Reported	As Restated
<b><i>Balance sheet at December 31, 2022</i></b>		
Accounts receivable	\$ 3,619,621	\$ 3,859,803
Members' Equity	\$ 6,457,738	\$ 6,697,920
<b><i>Statement of operations and comprehensive income for the year ended December 31, 2022</i></b>		
Rebate revenue	\$ 3,114,757	\$ 3,354,939
Net income	\$ 7,653,747	\$ 7,893,929
<b><i>Statement of cash flows for the year ended December 31, 2022</i></b>		
Net income	\$ 7,653,747	\$ 7,893,929
Change in operating assets and liabilities - accounts receivable	\$ (1,437,416)	\$ (1,677,598)

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### Note 5: INVESTMENT IN DEBT SECURITIES

The following table summarizes the amortized cost, fair value, allowance for credit losses of available-for-sale securities, all of which mature in 2024, at December 31, 2023 and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income.

<b>December 31, 2023</b>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
<b>Marketable debt securities</b>					
<b>U.S. government securities</b>	<b>\$ 3,817,504</b>	<b>\$ 75,854</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,893,358</b>

During 2023, the Company sold debt securities available-for-sale for total proceeds of \$1,583,000, resulting in gross realized gains of \$22,175.

### Note 6: REVENUE

The Company sells individual franchises that grant the right to develop and operate a retail business of selling generators and related services to both residential and commercial markets within a defined territory. The franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective business and royalties and other continuing fees on a monthly basis based upon a percentage of the franchisee gross revenues or a flat fee. The Company's customers are primarily franchisee customers located throughout the United States. The Company's franchise agreements generally have an initial term of 10 years.

#### **Disaggregated Revenue**

A breakdown of revenue is as follows:

<i>For the years ended December 31,</i>	<b>2023</b>	2022
Revenues:		
Royalties	<b>\$ 6,486,148</b>	\$ 5,322,118
Franchise fees:		
Pre-opening services	<b>140,000</b>	210,000
Franchise license fees	<b>424,083</b>	381,667
Rebate revenue	<b>2,861,142</b>	3,354,939
Technology fees	<b>402,265</b>	272,781
Other	<b>739,132</b>	695,071
<b>Total revenues</b>	<b>\$ 11,052,770</b>	<b>\$ 10,236,576</b>

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**Note 6: REVENUE (Continued)**

***Receivables from Contracts with Customers***

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Receivables from contracts, beginning of year	\$ 549,154	\$ 339,217
Receivables from contracts, end of year	\$ 609,560	\$ 549,154

***Contract Liabilities***

Contract liabilities represent payments received in advance of revenue earned and consist of deferred franchise license fees and pre-opening services that have yet to be performed. Contract liabilities consisted of the following at:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Pre-opening services	\$ 340,000	\$ 310,000	\$ 280,000
Franchise license fees	<b>2,485,604</b>	2,359,687	1,791,354
	<b>\$ 2,825,604</b>	\$ 2,669,687	\$ 2,071,354

Changes in contract liabilities during the years ended December 31, 2023 and 2022 are as follows:

<i>For the years ended December 31,</i>	<b>2023</b>	<b>2022</b>
Deferred franchise fees at the beginning of the year	\$ 2,669,687	\$ 2,071,354
Revenue recognized during the year	<b>(564,083)</b>	(591,667)
Franchise fees received during the year	<b>720,000</b>	1,190,000
Deferred franchise fees at end of the year	<b>\$ 2,825,604</b>	\$ 2,669,687

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**Note 6: REVENUE (Continued)**

Deferred franchise fees to be recognized as revenue in future years is as follows:

*For the years ending December 31,*

2024	\$ 341,750
2025	341,750
2025	341,750
2026	340,813
2027	318,646
Thereafter	1,140,895
<hr/>	
Total deferred franchise fees	\$ 2,825,604

Deferred commission expense is amortized ratably over the life of the franchise agreements which is generally 10 years. Future amortization of deferred commission expense is as follows:

*For the years ending December 31,*

2024	\$ 48,475
2025	48,475
2025	48,475
2026	48,340
2027	45,423
Thereafter	127,353
<hr/>	
Total deferred commissions expense	\$ 366,541

Amortization expense for deferred commission expense totaled \$59,307 and \$54,909 for the years ended December 31, 2023 and 2022, respectively.

**Note 7: RELATED PARTY TRANSACTIONS**

The Company engages in numerous transactions with both the Parent Company and other affiliates related by common ownership including advances to and from. These advances are under informal agreements, bear no interest and have no maturity dates. At December 31, 2023 and 2022, respectively, there were no outstanding advances due to or from affiliates.

The Company receives management, accounting and administrative services from employees of the Parent Company and other affiliates and are not charged for such services.

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### Note 8: EMPLOYEE BENEFIT PLAN

In 2022, the Company began participating in a multi-employer 401(k) retirement plan (the Plan). Under the terms of the Plan, employees are entitled to contribute a portion of their compensation within limitations established by the Internal Revenue Code. Employees become vested immediately in the contributions made by the Company under its Safe Harbor provision. The Company may also make additional discretionary matching and profit sharing contributions. Company contributions for the years ended December 31, 2023 and 2022 totaled \$18,962 and \$20,817, respectively.

### Note 9: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

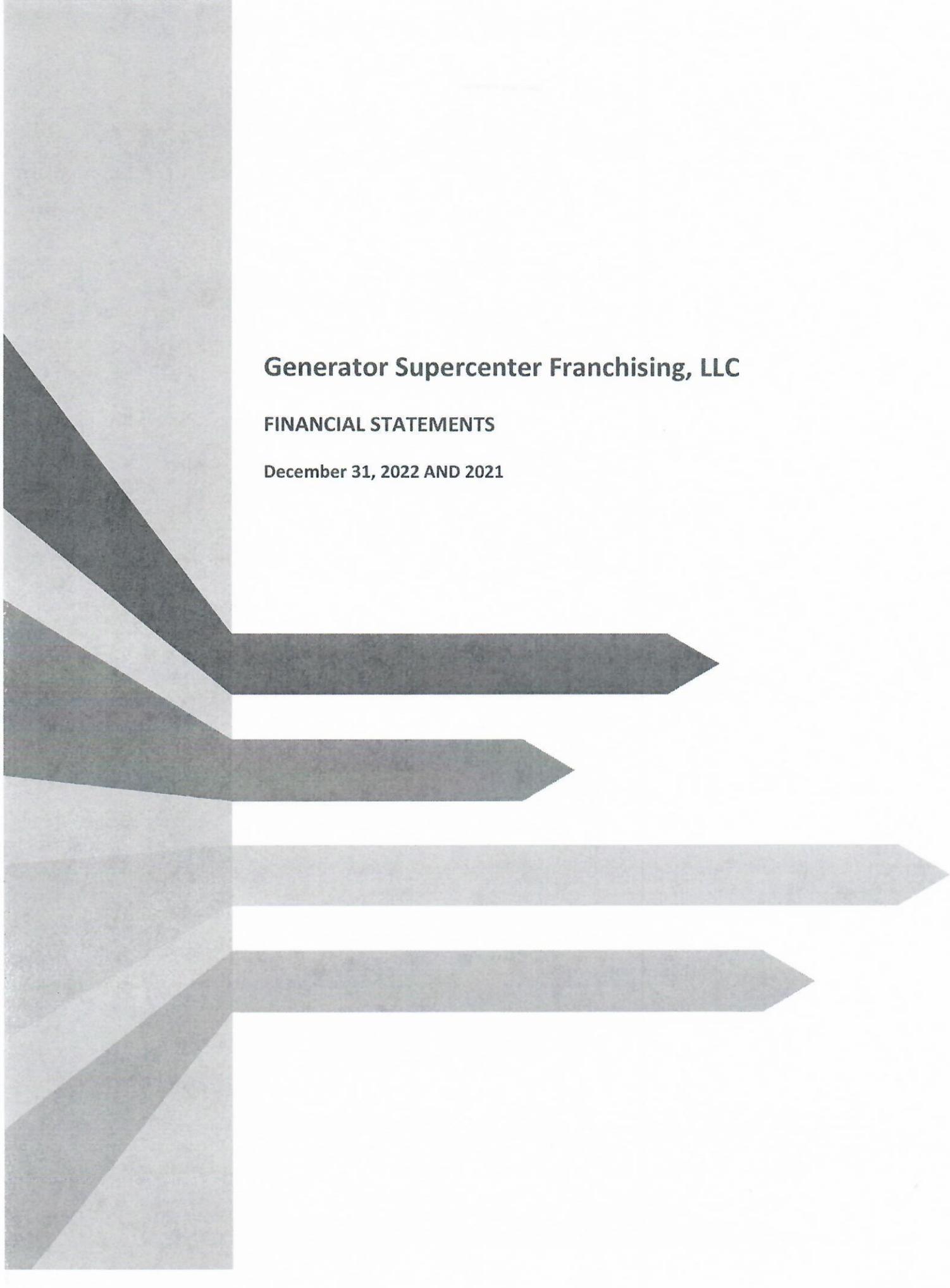
The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**Note 9: FAIR VALUE MEASUREMENTS (Continued)**

The following table summarizes the financial assets within the fair value hierarchy:

<i><b>December 31, 2023</b></i>	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Marketable debt securities</b>			
<b>U.S. government securities</b>	<b>\$ 3,893,358</b>	<b>\$ -</b>	<b>\$ -</b>



**Generator Supercenter Franchising, LLC**

**FINANCIAL STATEMENTS**

**December 31, 2022 AND 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To Management and the Member  
Generator Supercenter Franchising, LLC  
Tomball, Texas

### **Opinion**

We have audited the accompanying financial statements of Generator Supercenter Franchising, LLC (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

### **Adjustments to Prior Period Financial Statements**

The financial statements of Generator Supercenter Franchising, LLC as of December 31, 2021 were audited by other auditors whose report dated May 27, 2022 expressed an unmodified opinion on those statements. As discussed in Note 3, the Company has restated its 2021 financial statements during the current year to properly record revenue in the period earned in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2021 financial statements before the restatement.

As part of our audit of the 2022 financial statements, we audited the adjustment described in Note 3 that was applied to restate the 2021 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2021 financial statements of the Company, other than with respect to the adjustment, and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

## **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 Generator Supercenter Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 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 Generator Supercenter Franchising, LLC'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 Generator Supercenter Franchising, LLC'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.

*Carr, Riggs & Ingram, L.L.C.*

Houston, Texas  
March 31, 2023

**Generator Supercenter Franchising, LLC**  
**Balance Sheets**

<i>December 31,</i>	<b>2022</b>	2021 (Restated)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 5,086,773	\$ 1,093,213
Accounts receivable	3,619,621	2,182,205
Prepaid expenses	127,876	-
Deferred commission expense, current portion	40,325	26,025
<b>Total current assets</b>	<b>8,874,595</b>	<b>3,301,443</b>
Property and equipment		
Office equipment and software	28,449	17,589
Less: Accumulated depreciation and amortization	(12,673)	(4,397)
<b>Property and equipment, net</b>	<b>15,776</b>	<b>13,192</b>
Other assets		
Deferred commission expense, net of current portion	287,524	193,185
<b>Total assets</b>	<b>\$ 9,177,895</b>	<b>\$ 3,507,820</b>
<b>Liabilities and members' equity</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 50,470	\$ 105,893
Contract liabilities, current portion	297,750	305,250
<b>Total current liabilities</b>	<b>348,220</b>	<b>411,143</b>
Long-term liabilities		
Contract liabilities, net of current portion	2,371,937	1,766,104
<b>Total liabilities</b>	<b>2,720,157</b>	<b>2,177,247</b>
<b>Members' equity</b>	<b>6,457,738</b>	<b>1,330,573</b>
<b>Total liabilities and members' equity</b>	<b>\$ 9,177,895</b>	<b>\$ 3,507,820</b>

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

**Generator Supercenter Franchising, LLC**  
**Statements of Operations**

<i>For the years ended December 31,</i>	<b>2022</b>	2021 (Restated)
<b>Revenues</b>	<b>\$ 9,996,394</b>	6,245,482
Operating expenses	<b>2,377,638</b>	1,138,226
<b>Operating income</b>	<b>7,618,756</b>	5,107,256
<b>Other income</b>		
Interest income	<b>34,991</b>	-
Income before provision for income taxes	<b>7,653,747</b>	5,107,256
Provision for income taxes	-	-
<b>Net income</b>	<b>\$ 7,653,747</b>	<b>\$ 5,107,256</b>

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

**Generator Supercenter Franchising, LLC**  
**Statements of Changes in Members' Equity (Deficit)**

<i>For the years ended December 31,</i>	Members' Equity (Deficit)
<b>Balance, December 31, 2020, as previously stated</b>	\$ (1,148,110)
Prior period adjustment	818,540
<b>Balance, December 31, 2020, as restated</b>	\$ (329,570)
Net income (as restated)	5,107,256
Distributions	(3,447,113)
<b>Balance, December 31, 2021, as restated</b>	1,330,573
Net income	7,653,747
Distributions	(2,526,582)
<b>Balance, December 31, 2022</b>	<b>\$ 6,457,738</b>

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

**Generator Supercenter Franchising, LLC**  
**Statements of Cash Flows**

<i>For the years ended December 31,</i>	<b>2022</b>	<b>2021</b> (Restated)
<b>Operating activities</b>		
Net income	\$ 7,653,747	\$ 5,107,256
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	8,276	4,397
Change in operating assets and liabilities		
Accounts receivable	(1,437,416)	(1,218,119)
Deferred commission expense	(108,639)	(98,987)
Prepaid expenses	(127,876)	-
Due from related parties	-	499
Accounts payable	(55,423)	72,651
Due to related parties	-	(41,053)
Contract liabilities	598,333	726,666
Net cash provided by operating activities	<b>6,531,002</b>	<b>4,553,310</b>
<b>Investing activities</b>		
Purchases of property and equipment	(10,860)	(17,589)
<b>Financing activities</b>		
Distributions to members	(2,526,582)	(3,447,113)
Net change in cash and cash equivalents	<b>3,993,560</b>	<b>1,088,608</b>
Cash and cash equivalents, beginning of year	<b>1,093,213</b>	<b>4,605</b>
Cash and cash equivalents, end of year	<b>\$ 5,086,773</b>	<b>\$ 1,093,213</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### **Note 1: ORGANIZATION AND NATURE OF OPERATIONS**

Generator Supercenter Franchising, LLC (the Company) is a Texas limited liability company formed in August 2016 to offer franchisees to operate a retail and service business providing generators to residential and commercial markets including installation and maintenance services. The Company is a wholly owned subsidiary of Generator Supercenter, Inc. (the Parent Company). At December 31, 2022, the Company had 43 operating franchises, 10 of which were located in the state of Texas with the remainder operating in 20 other states. The Parent Company also owns and operates 4 other locations as well, all of which are in Texas.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly-liquid instruments with an original maturity of 90 days or less.

#### ***Accounts Receivable***

Accounts receivable represent amounts owed to the Company which are expected to be collected within twelve months and are presented in the balance sheets net of the allowance for doubtful accounts.

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Allowance for Doubtful Accounts***

Management evaluates its receivables on an ongoing basis by analyzing customer relationships, the age of the receivables and the customer's ability to pay. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for doubtful accounts is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for doubtful accounts. Collections on accounts previously written off are included in income as received. There was no allowance for doubtful accounts at December 31, 2022 and 2021 as management considered all receivables to be collectible.

***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation. Expenditures for additions, major renewals and betterments are capitalized and repairs and maintenance are charged to operations as incurred. Depreciation expense is recognized over the estimated useful lives of the property and equipment using the straight-line method over the following estimated useful lives: office equipment and software – three to five years. Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$8,276 and \$4,397, respectively.

***Impairment of Long-Lived Assets***

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets and certain intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

***Income Taxes***

The Company is a component of the Parent Company's federal and Texas state consolidated tax returns. The Parent Company, along with the consent of its stockholders, have elected to be taxed as an S Corporation for federal income tax purposes. Accordingly, no provision for federal income taxes has been recorded in the accompanying financial statements.

The Company is subject to Texas franchise tax, commonly referred to as the Texas margin tax. No provision has been included in the accompanying financial statements due to immateriality.

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Tax positions are recognized only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination presumed to occur. The amount recognized is the largest amount that is greater than 50% likely of being realized upon examination. For tax positions not meeting the more likely than not test, no tax position is recorded. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

***Revenue from Contracts with Customers***

Revenue is recognized as performance obligations under the terms of the contracts with customers are satisfied. The Company's franchise agreements require the Company as franchisor to perform various pre-opening related services to the franchisee as customer, to support the brand and a variety of other interrelated services. The Company applies the practical expedient in accordance with ASU 2021-02, Franchisors-Revenue from Contracts with Customers, whereby they account for these pre-opening services as distinct from the franchise license as a single performance obligation. These pre-opening services include assistance with site selection, real estate, training, information technology and other services. Accordingly, the Company considers the franchise agreements to represent two performance obligations, the pre-opening services and the transfer of the franchise license combined with its other interrelated services. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The additional services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single additional performance obligation.

The Company recognizes the primary components of the transaction price as follows: The transaction price in a standard franchise agreement primarily consists of (a) initial franchise fees; (b) royalties; (c) technology fees and other various other recurring fees. Since the Company considered the licensing of the franchising right to be two performance obligations, an allocation of the transaction price is made between pre-opening activities and the franchise license.

The Company recognizes the primary components of the transaction price as follows:

Franchise fees, net of the amount allocated to pre-opening services, are recognized as revenue ratably on a straight line basis over the term of the franchise agreement commencing when the agreement is entered into. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time. These revenues are included as franchise fees in the accompanying statements of operations.

## Generator Supercenter Franchising, LLC Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Company recognizes revenue from pre-opening services as those services are provided. The fees for these services are typically received in cash at or near the beginning of the franchise term and are initially recorded as a contract liability until recognized as revenue upon performance of these services.

The Company is entitled to royalties based upon a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalties are recognized when the franchisee's reported sales occur and are generally paid to the Company on a monthly basis.

The Company is also entitled to various other one-time and monthly recurring fees related to technology set-up and ongoing services provided. These revenues are recognized monthly as the related services are performed and are generally paid to the Company on a monthly basis.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment as to the collectability of the amount; however, the timing of recognition does not require significant judgment as it based upon the terms of the franchise agreement which does not require estimation.

The Company believes its franchising agreements do not contain a significant financing component.

The Company incurs commission expense for new franchises sold. These commissions paid to employees or third parties are generally paid upon origination of the franchise agreement and are deferred and recognized as expense over the life of the franchise agreement.

Revenues outside the scope of ASC 606 include vendor rebate revenue. The Company earns rebate revenue primarily from Generac Power Systems, Inc. (Generac), the primary vendor for its franchisees. The Company is entitled to rebates on purchases by its franchisee stores from Generac. Rebate revenue is recognized in the same period as the franchisee store purchases. Vendor rebates receivable included in accounts receivable on the accompanying balance sheets at December 31, 2022 and 2021, totaled \$3,070,467 and \$1,842,988, respectively.

#### ***Advertising***

Advertising costs are charged to operations as incurred. Advertising expense totaled \$357,607 and \$220,369 for the years ended December 31, 2022 and 2021, respectively.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 31, 2023. In 2023, the Company has entered into four new franchise agreements with franchise fees totaling \$200,000. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among these changes in the new standard is the recognition of ROU assets and lease liabilities by lessees for those lease classified as operating leases. Under the standard, disclosures are required to meet the objectives of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Company had no leases during 2022 nor 2021 and therefore, the adoption of this standard had no effect on the Company's financial statements.

**Note 3: PRIOR PERIOD ADJUSTMENTS**

Members' equity at December 31, 2021 and 2020 have been adjusted to include certain rebate revenue not recognized in the proper accounting periods. The correction has no effect on the results of the current year's activities; however, the cumulative effect increases members' equity at December 31, 2021 by \$1,822,170 and 2020 by \$818,540. Rebate revenue for 2021 was also increased by \$1,003,630 as a result of the error. Accordingly, the Company has restated its results for the year ended December 31, 2021. Net income for 2020 would have increased by \$818,540 if the error had not been made. The specific line items affected by the prior period adjustments are as follows:

	As previously Reported	As Restated
<b><i>Balance sheet at December 31, 2021</i></b>		
Accounts receivable	\$ 360,035	\$ 2,182,205
Members' equity (deficit)	\$ (491,597)	\$ 1,330,573
<b><i>Statement of operations for the year ended December 31, 2021</i></b>		
Rebate revenue	\$ 956,454	\$ 1,960,084
Net income	\$ 4,103,626	\$ 5,107,256
<b><i>Statement of cash flows for the year ended December 31, 2021</i></b>		
Net income	\$ 4,103,626	\$ 5,107,256
Change in operating assets and liabilities - accounts receivable	\$ (214,489)	\$ (1,218,119)
Members' deficit at January 1, 2021	\$ (1,148,110)	\$ (329,570)

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**Note 4: CONCENTRATIONS**

Financial instruments that subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company has cash deposits with financial institutions at December 31, 2022 and 2021 in excess of federally insured limits. Concentrations of credit risk with respect to accounts receivable exists due to the limited number of customers comprising the Company's customer base. To reduce risk, the Company routinely monitors and assesses the financial strength of its customers and, as a consequence, believes that its accounts receivable credit risk exposure is limited.

**Note 5: REVENUE**

The Company sells individual franchises that grant the right to develop and operate a retail business of selling generators and related services to both residential and commercial markets within a defined territory. The franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective business and royalties and other continuing fees on a monthly basis based upon a percentage of the franchisee gross revenues or a flat fee. The Company's customers are primarily franchisee customers located throughout the United States. The Company's franchise agreements generally have an initial term of 10 years.

***Disaggregated Revenue***

A breakdown of franchise fees revenue is as follows:

<i>For the years ended December 31,</i>	<b>2022</b>	<b>2021</b>
Revenues:		
Royalties	\$ 5,322,118	\$ 3,322,199
Franchise fees:		
Pre-opening services	210,000	160,000
Franchise license fees	381,667	268,333
Rebate revenue	3,114,757	1,960,084
Technology fees	272,781	130,799
Other	695,071	404,067
<b>Total revenues</b>	<b>\$ 9,996,394</b>	<b>\$ 6,245,482</b>

***Receivables from Contracts with Customers***

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
Receivables from contracts, beginning of year	\$ 339,217	\$ 145,546
Receivables from contracts, end of year	\$ 549,154	\$ 339,217

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**Note 5: REVENUE (Continued)**

***Contract Liabilities***

Contract liabilities represent payments received in advance of revenue earned and consist of deferred franchise license fees and pre-opening services that have yet to be performed. Contract liabilities consisted of the following at:

<i>December 31,</i>	<b>2022</b>	2021	2020
Pre-opening services	\$ 310,000	\$ 280,000	\$ 190,000
Franchise license fees	<b>2,359,687</b>	1,791,354	1,154,688
	<b>\$ 2,669,687</b>	\$ 2,071,354	\$ 1,344,688

Changes in contract liabilities during the years ended December 31, 2022 and 2021 are as follows:

<i>For the years ended December 31,</i>	<b>2022</b>	2021
Deferred franchise fees at the beginning of the year	\$ 2,071,354	\$ 1,344,687
Revenue recognized during the year	<b>(591,667)</b>	(428,333)
Franchise fees received during the year	<b>1,190,000</b>	1,155,000
Deferred franchise fees at end of the year	<b>\$ 2,669,687</b>	\$ 2,071,354

Deferred franchise fees to be recognized as revenue in future years is as follows:

<i>For the years ending December 31,</i>	
2023	\$ 297,750
2024	297,750
2025	297,750
2026	297,750
2027	296,813
Thereafter	1,181,874
Total deferred franchise fees	<b>\$ 2,669,687</b>

**Generator Supercenter Franchising, LLC**  
**Notes to Financial Statements**

**Note 5: REVENUE (Continued)**

Deferred commission expense is amortized ratably over the life of the franchise agreements which is generally 10 years. Future amortization of deferred commission expense is as follows:

*For the years ending December 31,*

2023	\$	40,325
2024		40,325
2025		40,325
2026		40,325
2027		40,190
Thereafter		126,359
<b>Total deferred commissions expense</b>		<b>\$ 327,849</b>

Amortization expense for deferred commission expense totaled \$54,909 and \$23,913 for the years ended December 31, 2022 and 2021, respectively.

**Note 6: RELATED PARTY TRANSACTIONS**

The Company engages in numerous transactions with both the Parent Company and other affiliates related by common ownership including advances to and from. These advances are under informal agreements, bear no interest and have no maturity dates. During 2021, the Company was repaid \$499 of outstanding advances owed to it by an affiliate from a prior year and also repaid \$41,053 in outstanding advances owed to another affiliate from a prior year. At December 31, 2022 and 2021, respectively, there were no outstanding advances due to or from affiliates.

The Company receives management, accounting and administrative services from employees of the Parent Company and other affiliates and are not charged for such services.

**Note 7: EMPLOYEE BENEFIT PLAN**

In 2022, the Company began participating in a multi-employer 401(k) retirement plan (the Plan). Under the terms of the Plan, employees are entitled to contribute a portion of their compensation within limitations established by the Internal Revenue Code. Employees become vested immediately in the contributions made by the Company under its Safe Harbor provision. The Company may also make additional discretionary matching and profit sharing contributions. Company contributions for the year ended December 31, 2022 totaled \$20,817.

**EXHIBIT G**  
**FORM OF RELEASE**

THIS AGREEMENT ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ ("Effective Date") by and between GENERATOR SUPERCENTER FRANCHISING, LLC, a Texas limited liability company having its principal place of business located at 23123 State Highway 249, Tomball, Texas 77375 (the "Franchisor"), \_\_\_\_\_, with an address of \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_ ("Guarantors").

**WHEREAS**, Franchisor and Franchisee entered into a franchise agreement dated \_\_\_\_\_ (the "Franchise Agreement") which provides Franchisee with the right to operate a franchised business with a Protected Area consisting of \_\_\_\_\_ (the "Franchised Business");

**Wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:**

The Franchise Agreement shall be deemed terminated as of the Effective Date of this Agreement, however, Franchisee and its Guarantors shall be bound by the post-term restrictions and covenants contained in the Franchise Agreement and attached schedules for the periods set forth therein.

Franchisee and its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, predecessors, successors and assigns and Guarantors, do each hereby release Franchisor, its parents, officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which Franchisee and its Guarantors had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement, it being the express intention of each party that this Release is as broad as permitted by law. Further, no claim released hereunder has been assigned to any individual or entity not a party to this Agreement.

In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

The governing law, methods of dispute resolution and any right to recovery of attorney's fees outlined in the Franchise Agreement shall apply to this Agreement as well.

This Agreement and the other documents referred to herein contain the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, except those contemplated hereunder or not inconsistent herewith. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless in writing and signed by the parties.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Any waiver of any term of this Agreement by Franchisor will not operate as a waiver of any other term of this Agreement, nor will any failure to enforce any provision of this Agreement operate as a waiver of Franchisor's right to enforce any other provision of this Agreement.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. Signature pages may be executed and delivered via facsimile or electronic transmission, and any such counterpart executed and delivered via facsimile or electronic transmission shall be deemed an original for all intents and purposes.

This Agreement shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

In Witness Whereof, the parties by their undersigned representatives hereby execute this Release.

**FRANCHISOR:**  
**GENERATOR SUPERCENTER FRANCHISING, LLC**

**FRANCHISEE:**  
\_\_\_\_\_

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

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

**GUARANTORS:**  
  
\_\_\_\_\_  
, individually  
  
\_\_\_\_\_  
, individually

**EXHIBIT H**  
**FORM OF TRANSFER AGREEMENT**

**TRANSFER CONSENT AND RELEASE AGREEMENT**  
**(Execution of a New Franchise Agreement)**

**THIS TRANSFER CONSENT AND RELEASE AGREEMENT** (the “**Agreement**”) is made and entered into by and between:

- ◆ Generator Supercenter Franchising, LLC, a Texas limited liability company, whose principal place of business is 23123 State Highway 249, Tomball, Texas 77375 (“**Franchisor**”);
- ◆ \_\_\_\_\_, a \_\_\_\_\_, with an address for purposes of this Agreement at \_\_\_\_\_ (“**Seller**”); and
- ◆ \_\_\_\_\_, a \_\_\_\_\_, with an address for purposes of this Agreement at \_\_\_\_\_ (“**Buyer**”).

**BACKGROUND:**

A. Franchisor and Seller are parties to a franchise agreement dated on or about \_\_\_\_\_, 20\_\_ (such franchise agreement, together with any exhibits, amendments and addenda thereto, being collectively referred to in this Agreement as the “**Existing Franchise Agreement**”) for the establishment and operation of a Generator Supercenter business (the “**Franchised Business**”) located at \_\_\_\_\_.

B. \_\_\_\_\_ and \_\_\_\_\_ are the owners of Seller and Guarantors of Seller’s obligations under the Existing Franchise Agreement (“**Guarantors**”).

C. Seller desires to terminate the Existing Franchise Agreement, and Seller’s right to operate the Franchised Business under the terms of this Agreement.

D. Seller wishes to sell and transfer its rights under the existing Franchise Agreement to Buyer and Buyer and Seller are parties to a Purchase Agreement between Seller and Buyer effective \_\_\_\_\_, 2023 (the “**Purchase Agreement**”). In this Agreement, the term “**Transfer**” means the transaction described in the Purchase Agreement.

E. Buyer wishes to purchase the rights under the Existing Franchise Agreement from Seller pursuant to the Purchase Agreement, and operate the Franchised Business under the terms of a newly executed franchise agreement.

F. Pursuant to this Agreement and the Transfer, Buyer shall execute a new franchise agreement for the Franchised Business (the “**New Franchise Agreement**”) in the form attached hereto as Exhibit A. Buyer shall have the right to operate the Franchised Business as a franchisee of Franchisor upon execution of this Agreement and execution of the New Franchise Agreement effective as of \_\_\_\_\_, 2023 (the “**Effective Date**”) so long as the Transfer is completed as set forth herein by such date.

G. The consent of Franchisor to the Transfer is required under the Existing Franchise Agreement. Seller has requested that Franchisor give its consent, and Franchisor is willing to give its consent and relieve Seller of its obligations to operate the Franchised Business under

the Existing Franchise Agreement in accordance with the terms and conditions of this Agreement.

**NOW THEREFORE**, the parties agree as follows:

1. **Termination of Seller's Rights.** Subject to all of the terms and conditions contained herein, Seller and Franchisor agree that the Existing Franchise Agreement, including all of Seller's rights to operate the Franchised Business under same, shall terminate on the Effective Date provided that the Transfer is completed as set forth herein by such date. If the Transfer has not been completed by the Effective Date, unless Franchisor extends the Effective Date, this Agreement shall not take effect and Seller shall continue as the franchisee under the Existing Franchise Agreement, subject to the terms of such Existing Franchise Agreement.

2. **Receipt of FDD.** Buyer acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document ("**FDD**"), at least fourteen (14) calendar days prior to the date on which this Agreement and the New Franchise Agreement were executed or any payment by Buyer for the franchise rights granted. Buyer further acknowledges that prior to receiving Franchisor' FDD, Franchisor advised Buyer of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format.

3. **Buyer Read the Agreement and Consulted.** Buyer acknowledges that it has read and understood Franchisor's FDD and this Agreement, the Exhibits hereto, the New Franchise Agreement, and agreements relating thereto, and that Franchisor has accorded Buyer ample time and opportunity to consult with advisors of Buyer's own choosing about the potential benefits and risks of entering into this Agreement and the New Franchise Agreement.

4. **Consent of Franchisor.** Franchisor consents to the Transfer by Seller to Buyer, and waives any right of first refusal with respect to the Transfer, provided that the following conditions are or have been satisfied:

(a) A transfer fee has been paid to Franchisor in the amount of \$\_\_\_\_\_;

(b) Buyer has signed the "Receipt" which is the last page of the FDD referred to in Section 2 above;

(c) Seller has paid Franchisor all of its monetary obligations and all other outstanding obligations to Franchisor and its affiliates through the Effective Date; and

(d) Buyer has furnished evidence satisfactory to Franchisor that Buyer has in place all insurance coverage required under the New Franchise Agreement.

5. **Continuing Liability.** Seller and Guarantors acknowledge that each will remain liable and is hereby obligated to Franchisor with respect to provisions of the Existing Franchise Agreement that are meant to expressly survive termination, including, without limitation: (i) payment and performance of all obligations under the Existing Franchise Agreement which relate to the period up to the Effective Date; (ii) all indemnification and hold harmless obligations

under the Existing Franchise Agreement which relate to the period up to the Effective Date; and (iii) all confidentiality, non-disclosure, non-competition and other similar obligations under the Existing Franchise Agreement. In no way limiting the foregoing, Seller and Guarantors agree to fully comply with all post termination obligations under the Existing Franchise Agreement.

6. **Representations of Buyer.** Buyer represents that:

- (a) Buyer is a Texas limited liability company;
- (b) Buyer has all requisite power and authority to enter into this Agreement, and to perform all of the duties, obligations, and covenants under the New Franchise Agreement.

7. **No Waiver of Defaults.** Neither the giving of its consent to the Transfer nor any specific provision of this Agreement shall be construed as a waiver by Franchisor of any default by Seller under the Existing Franchise Agreement.

8. **Release by Seller, Buyer and Guarantors.** In consideration for the consent of Franchisor to the Transfer, Seller, Buyer and Guarantors on behalf of (i) themselves, their successors assigns, heirs, and personal representatives, (ii) all other persons acting on their behalf or claiming under them, and (iii) all entities in which Seller, Buyer and/or Guarantors have or have had an ownership interest (collectively, the “**Releasing Parties**”), release and forever discharge Franchisor, its affiliates and their respective officers, directors, shareholders, members, managers, agents, and employees, and the predecessors, successors, assigns, heirs, administrators and executors of it and any or all of them (collectively, the “**Franchisor Parties**”) from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action, known and unknown, vested or contingent, which the Releasing Parties now have, have ever had, or may ever have, based on any transaction, event, or circumstance up to the Effective Date. Seller, Buyer and Guarantors covenant, warrant, and agree that each is fully authorized to execute and perform this Agreement, and that each has the authority to bind the Releasing Parties to this Agreement as provided herein. Further, Seller, Buyers and Guarantors, on behalf of themselves and the Releasing Parties, covenant not to sue any of the Franchisor Parties on any of the claims released hereunder.

9. **No Reliance on Franchisor.** Seller and Buyer acknowledge that:

- (a) Other than as set forth in this Agreement, they have not relied on any statement or representation of Franchisor in entering into or consummating the Transfer;
- (b) Except for this Agreement and the New Franchise Agreement, Franchisor has not been involved in any negotiations or agreement pertaining to the Transfer;
- (c) Franchisor has no knowledge of, and makes no warranties with respect to, the accuracy of any representations made by Seller and Buyer to each other, and assumes no obligation in that regard; and
- (d) The consent of Franchisor to the Transfer is not an endorsement or undertaking by Franchisor of the monetary or other terms of the Transfer. Seller and Buyer have independently evaluated the proposed Transfer and obtained independent professional assistance and have not relied on the consent of Franchisor as an appraisal of the terms of the Transfer.

10. **Future Transfers.** Buyer and Seller agree that Buyer and Seller shall not rely on the consent of Franchisor to the Transfer as indicative of the position Franchisor will take in future proposed transfers by Buyer or Seller. Buyer and Seller further acknowledge that Franchisor may in the future approve transfers by Buyer, Seller and other franchisees of Franchisor, and their owners on terms and conditions different from those set forth in this Agreement.

11. **Entire Agreement.** This Agreement and the documents referred to herein constitute the complete understanding of the parties regarding the consent of Franchisor to the Transfer. This Agreement may not be modified except by a written amendment signed by all of the parties.

12. **Remedies of Franchisor.**

(a) In the event of any breach by Seller or Buyer under the terms of this Agreement, Franchisor shall have the right to seek any remedy available at law or in equity, including but not limited to specific performance. No remedy shall be exclusive of any other remedy to which Franchisor may be entitled.

(b) Buyer and Seller represent that all of the information furnished to Franchisor in connection with the Transfer including the copy of the Purchase Agreement and Existing Franchise Agreement, and any representations or warranty made in this Agreement, or in any other agreement, document, certificate, or financial or other statement is correct and complete. Buyer acknowledges that Franchisor has relied on this information in giving its consent to the Transfer, and Buyer agrees that Franchisor may terminate the New Franchise Agreement by giving written notice to Buyer if Franchisor discovers that a material misstatement or omission was made in such information.

13. **Notices.** The New Franchise Agreement shall reflect Buyer's address for notices under this Agreement.

14. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to, and without giving effect to, the application of Texas conflict of law rules.

15. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement. Delivery of a copy of this Agreement bearing an original signature by facsimile transmission or by electronic mail in "portable document format" form shall have the same effect as physical delivery of the paper document bearing the original signature.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the parties hereto have duly executed, and delivered this Transfer Consent and Release Agreement.

Generator Supercenter Franchising, LLC

Dated: \_\_\_\_\_

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

Buyer:  
\_\_\_\_\_

Dated: \_\_\_\_\_

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

Seller:  
\_\_\_\_\_

Dated: \_\_\_\_\_

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

Guarantors:

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

**EXHIBIT I**  
**TABLE OF CONTENTS OF CONFIDENTIAL OPERATING MANUAL**

Section	Number of Pages
A) Preface & Introduction	<del>35</del> <u>37</u>
B) Establishing My Franchise Business	<del>41</del> <u>44</u>
C) Personnel	<del>58</del> <u>77</u>
D) Administrative Procedures	<del>32</del> <u>29</u>
E) Daily Procedures	<del>19</del> <u>11</u>
F) Marketing and Process	<del>30</del> <u>24</u>
G) Sales Procedures	<del>21</del> <u>24</u>
H) <a href="#">DispatchField Service Management</a> Software Procedures	<del>607</del> <u>607</u>
I) <a href="#">CRM Training</a>	<del>57</del> <u>57</u>
J) <a href="#">Financing Procedures</a>	<del>7</del> <u>10</u>
K) <a href="#">Getting Started Transaction Express</a>	<del>183</del> <u>183</u>
L) <a href="#">Generac Advertising COOP Guidelines</a>	<del>14</del> <u>14</u>
MJ) Generac Advertising COOP Claims	6
N) <a href="#">Install Manuals</a>	<del>283</del> <u>283</u>
O) <a href="#">Specification Manuals</a>	<del>26</del> <u>26</u>
M) <a href="#">Installation</a>	<del>11</del> <u>11</u>
<b>Total Number of Pages</b>	<del>478</del> <u>280</u>

## State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	<del>May 4, 2023</del>
Hawaii	
Illinois	<del>May 8, 2023</del>
Indiana	<del>July 5, 2023</del>
Maryland	
Michigan	<del>April 14, 2023</del>
Minnesota	<del>May 26, 2023</del>
New York	<del>May 24, 2023</del>
North Dakota	<del>May 19, 2023</del>
Rhode Island	<del>July 20, 2023</del>
South Dakota	<del>April 20, 2023</del>
Virginia	
Washington	<del>September 7, 2023</del>
Wisconsin	<del>April 20, 2023</del>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT  
(YOUR 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 we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do 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 listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Matthew Metcalfe, Stephen Cruise and Glenn Leingang, Generator Supercenter Franchising, LLC, 23123 State Highway 249, Tomball, Texas 77375, 281-251- 6100: and \_\_\_\_\_

The issuance date of this Disclosure Document is: April ~~17, 2023~~15, 2024.

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April ~~17, 2023~~15, 2024 that included the following Exhibits:

- Exhibit A – State Administrators/Agents for Service of Process
- Exhibit B – State Specific Addendum
- Exhibit C – Franchise Agreement
- Exhibit D – List of Franchisees
- Exhibit E – List of Franchisees Who Have Left the System
- Exhibit F – Financial Statements
- Exhibit G – Form of Release
- Exhibit H – Form of Transfer Agreement
- Exhibit I – Table of Contents of Confidential Operating Manual

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Printed Name

PLEASE KEEP THIS COPY FOR YOUR RECORDS.

**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.

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO GENERATOR SUPERCENTER FRANCHISING, LLC, 23123 STATE HIGHWAY 249, TOMBALL, TEXAS 77375.