

## FRANCHISE DISCLOSURE DOCUMENT



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

We offer franchises for businesses offering drywall and other wall repair, paint, texture and related services to residential and commercial customers under the name “PatchMaster®.” The total investment necessary to begin operation of a PatchMaster® franchise with one licensed service area ranges from \$124,575 to \$159,575. This includes \$95,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a PatchMaster® franchise with three licensed service areas ranges from \$197,575 to \$244,075. This amount includes \$155,500 that must be paid to the franchisor or its affiliates.

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

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

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

**Date of Issuance: April 24, 2026**

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in New Jersey. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in New Jersey than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

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

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

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**EXHIBITS**

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EXHIBIT B	Franchise Agreement with Schedules
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EXHIBIT D	List of Franchisees
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EXHIBIT F	List of State Administrators/Agents for Service of Process
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EXHIBIT H	State Specific Addenda
EXHIBIT I	Receipt of Disclosure Document

## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

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

#### **The Franchisor**

We are a Delaware limited liability company formed on November 17, 2021. Our principal business address is 57 Main Street, Chester, New Jersey 07930 and our principal phone number is 844-PATCHMAN. Our mailing address is 88 E. Main St., Suite H345, Mendham, NJ 07945. We conduct business under our corporate name and the name “PatchMaster®.” Our agents for service of process are disclosed in Exhibit F. We began offering franchises in April 2022 for the operation of a business that offers drywall and other wall repair, paint, texture and related services under the name “PatchMaster.” Our predecessor began offering franchises in September 2017. We acquired the PatchMaster system in December 2021. We have never offered franchises in any other line of business. We do not engage in any other business activities, and we have never operated a business of the type being franchised, though certain of our officers do.

#### **Parents, Predecessors and Affiliates**

Our predecessor is PM Franchising, LLC, a Utah limited liability company. Its principal place of business is 57 Main Street, Chester, NJ 07930. Our predecessor offered PatchMaster franchises from September 2017 to December 2021. We are a wholly-owned subsidiary of PM Holdco, LLC which shares our principal business address. Our parent is in turn majority-owned by PM1 Investments LLC, which is in turn managed by MPK PM LLC, which is in turn managed by MPK Equity Partners LLC, each of which has the principal business address of 3000 Turtle Creek Blvd, Dallas, Texas 75219.

We have the following affiliates that offer franchises:

Restoration 1 Franchise Holding, LLC offers franchises for businesses providing residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying, and reconstruction and repair under the name “Restoration 1®.” Restoration 1 Franchise Holding, LLC began offering franchises in April 2020 and as of December 31, 2025, 278 franchised “Restoration 1®” businesses were in operation. Restoration 1 Franchise Holding, LLC has the principal business address of 6270 Morning Star Drive, Suite 120, The Colony, Texas 75056.

BlueFrog Plumbing and Drain, LLC offers franchises for plumbing and drain repair businesses under the name “BlueFrog Plumbing + Drain®.” BlueFrog Plumbing and Drain, LLC began offering franchises in 2014 and as of December 31, 2025, 43 franchised “BlueFrog Plumbing + Drain®” businesses were in operation. BlueFrog Plumbing and Drain, LLC has the principal business address of 6270 Morning Star Drive, Suite 120, The Colony, Texas 75056.

Zoom Drain Franchise LLC offers franchises for businesses providing drain cleaning and sewer inspections, maintenance, repair, grease trap and septic services, and related products and services under the name “ZOOM DRAIN®.” Zoom Drain Franchise LLC began offering franchises in February 2021, and as of December 31, 2025, 163 franchised “ZOOM DRAIN®” businesses were in operation. Zoom Drain Franchise LLC has the principal business address of 500 Davis Drive, Plymouth Meeting, Pennsylvania 19462.

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

### **The Franchised Business**

We franchise the right to develop, own, and operate a business that offers drywall and other wall repair, paint, texture and related services to residential and commercial customers (each a “PatchMaster Business”). PatchMaster Businesses operate under the name “PatchMaster<sup>®</sup>” and other trademarks, service marks, graphics, trade names, trade dress, slogans, and commercial symbols that we approve (collectively, the “Marks”). PatchMaster Businesses have distinctive and proprietary business systems, methods, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop and modify periodically (together, the “System”). We call the PatchMaster Business that you will operate your “Franchised Business.” You must comply with all of the standards, specifications, operating procedures, and rules that we periodically prescribe as mandatory for operating PatchMaster Businesses generally, or your Franchised Business specifically (“System Standards”).

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

### **Market and Competition**

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

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

There may be federal, state, and local regulations and licensing requirements pertaining to wall surface repair and related services associated with the Franchised Business. In some states you or your General Manager may be required to obtain a contractor’s license or other licenses. Every state has a contractor licensing law and the state licensing board should be contacted for licensing requirements specific to the state. You must also comply with all laws and regulations that apply to businesses generally, including regulations for sanitation, discrimination, employment, and sexual harassment, as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals.

## ITEM 2

### BUSINESS EXPERIENCE

#### **Paul Ferrara, Chief Executive Officer**

Mr. Ferrara has served as our Chief Executive Officer since December 2021. Mr. Ferrara served as our predecessor's Chief Executive Officer from July 2020 to December 2021. Positions with us and our predecessor were held from Chester, New Jersey.

#### **Joseph Eible, Vice President of Operations**

Mr. Eible has served as our Vice President of Operations in Chester, New Jersey since November 2022. Mr. Eible served as our Director of Franchise Support in Chester, New Jersey from December 2021 to November 2022. Mr. Eible served as our predecessor's Director of Franchise Support in Chester, New Jersey from July 2020 to December 2021. Since July 2012, Mr. Eible also serves as President and Founding Partner of The 23 Company in Ledgewood, New Jersey.

## ITEM 3

### LITIGATION

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

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

## ITEM 4

### BANKRUPTCY

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

## ITEM 5

### INITIAL FEES

#### **Initial Franchise Fees**

You must pay us an initial franchise fee equal to \$54,500 for one LSA plus an additional \$0.156 multiplied by the population in the LSA over 350,000 (the "Initial Franchise Fee"). You may purchase up to three LSAs under one Franchise Agreement, and if you do, the Initial Franchise Fee is discounted as outlined in the following table for your second and third LSA (as applicable). The fees in the table below assume that each LSA is under 350,000 in population, and remain subject to the additional fee of \$0.156 per person over 350,000 in population per LSA:

LSAs	Total Population	Initial Franchise Fee	Discount
1	Up to 350,000	\$54,500	-
2	600,000 – 750,000	\$84,500	\$24,500
3	900,000 – 1,050,000	\$114,500	\$49,000

The population is determined by the most recent U.S. Census available and may be updated from time to time based on information from third-party demographic providers. The Initial Franchise Fee must be paid in a lump sum when you sign the Franchise Agreement and is deemed fully earned when paid and is non-refundable under any circumstances. In 2025, the Initial Franchise Fee was uniformly imposed.

We currently offer a \$7,000 discount off the Initial Franchise Fee to qualifying veterans who have received an honorable discharge from any branch of the United States military and qualifying first responders. We also offer a 20% discount for existing franchisees that purchase an additional LSA after their first year in business. We also offer a 10% discount for franchisees who are referred through an employee or vendor.

**Startup Package**

You must pay us \$41,000 for the RightTrack Startup package, which includes certain tools, materials, and marketing. You must pay for the RightTrack Startup package when you sign the Franchise Agreement. If you purchase non-contiguous LSAs, we may charge the RightTrack Startup package for each LSA. The amounts paid to us for the RightTrack Startup package are fully earned upon receipt and are nonrefundable. In 2025, the fees for the RightTrack Startup package were uniformly imposed.

**ITEM 6  
OTHER FEES**

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

NAME OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE <sup>(2)</sup>	REMARKS
Local Advertising Expenditure	For the first 24 months of operation, \$2,000 per month for 1 or 2 LSAs; or \$3,000 per month for 3+ LSAs (subject to change)	Monthly	You must spend a minimum amount per month on advertising, promotions, and public relations for your Franchised Business in your LSA(s). We may require you to pay part or all of the Local Advertising Expenditure to us or our designee. We may modify the amount of the Local Advertising Expenditure during the term of your franchise, including requiring a Local Advertising Expenditure after the first 24 months of operations, up to \$2,000/month per LSA.
Technology Fee	\$300 per month (subject to change)	Monthly	You must pay our Technology Fee during the duration of your franchise. If you purchase non-contiguous LSAs, we may charge a Technology Fee for each LSA. We may increase this fee by up to 30% per year on a compounding basis.
Fine for Violation of Territory Restrictions	Greater of \$5,000 per occurrence or 50% of revenue generated from such infringing activity	Upon demand	Payable if you fail to abide by the territory restrictions in the Franchise Agreement, including conducting services in another franchisee's LSA. The fine is in addition to our right to terminate for breach.
Territory Change Fee	\$1,000, plus reimbursement of our costs and expenses	Upon demand	If you seek to change any LSA and the request is approved, we may charge this fee per LSA.
Meeting Registration Fee <sup>(5)</sup>	\$1,000 per attendee	When invoiced, before date of meeting or monthly.	There is no registration fee for one attendee at the first annual meeting after you sign your Franchise Agreement, provided the meeting is held and you attend the meeting your first year. If you do not attend the meeting your first year, you have to pay the meeting registration fee. Thereafter, this fee is payable even if you or your General Manager do not attend the meeting. We are not obligated to hold the meeting; in which case you do not pay.
Additional Training Fee <sup>(5)</sup>	\$500 per person per day (subject to change), plus reimbursement of our costs and expenses	Upon demand	You must pay us our fee for additional training if: (1) we determine that any of your Key Personnel have not completed the Training Program to our satisfaction; (2) you appoint a new General Manager; (3) you are not performing to our System Standards; (4) you request, and we agree, to provide any additional training, after the Training Program; (5) you request and we approve additional attendees at the Training Program; or (6) we require

NAME OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE <sup>(2)</sup>	REMARKS
			additional training because you failed to attend our annual meeting. The per day training fee is subject to increase by up to \$100 per person per day on an annual compounding basis.
Audit	Cost of Audit	When invoiced	Payable if any audit we conduct shows you have not spent the Local Advertising Expenditure, or if you underreported amounts you owe us by 3% or more.
Approval of Products or Suppliers	All costs and expenses associated with the evaluation	Upon demand	Payable if you request that we evaluate a new product or supplier.
Inspection Fee	All costs and expenses associated with the inspection	Upon demand	If any inspection shows that one or more failures of Systems Standards exists, or any circumstance exists that prevents us or our designees from properly inspecting your Franchised Business, you must reimburse us for all costs associated with the failed inspection and any re-inspection we conduct.
Failure to Comply with Post-Term Obligations	Cost of curing deficiencies	Upon demand	If you fail to comply with your post-term obligations and we must correct any such deficiencies, then you must reimburse us for all costs and expenses we incur.
Insurance Policies	Amount of unpaid premium plus our reasonable expenses in obtaining the policies	Upon demand	Payable if you fail or refuse to obtain and maintain the insurance we specify and we elect to obtain coverage for you.
Service Warranties Remediation	Our cost of honoring any Service Warranty	Upon demand	Payable if you fail or refuse to honor Service Warranties offered to customers by your Franchised Business, and we elect to honor those Service Warranties on your behalf.
Service Warranty Deposit	Varies based on the amount of outstanding Service Warranties	Upon demand	We may require you to pay us a reasonable deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business. This amount would be refunded to you after expiration or termination of all Service Warranties offered by your Franchised Business, less any deductions arising if we have to honor any such Service Warranties on your behalf. We may hold these amounts after the termination or expiration of

NAME OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE <sup>(2)</sup>	REMARKS
			your Franchise Agreement until all Service Warranties have expired or are satisfied by you.
Transfer Fee	\$10,000	Upon demand	Payable to us if you request our approval of a transfer (waived for transfer to an existing franchisee, but you must pay for our costs).
Renewal Agreement Fee	\$2,500, plus direct out of pocket costs (plus \$500 for any late renewal)	Upon execution of a Renewal Franchise Agreement.	Payable only if you meet eligibility for signing the Renewal Franchise Agreement and execute the Renewal Franchise Agreement.
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail.
National Account Fees	None currently charged	At time of job	You must pay our then-current fees if you provide services for a National Account Clients (defined in Item 16). We will invoice and collect payment from the client, and remit to you your portion of the payment after deducting fees. We will establish these fees based on our costs, subject to change by up to 30% per year on a compounding basis
Late Payment Interest and Insufficient Funds Fee	Lessor of 1.5% per month or the highest rate allowed by law, plus a \$10 fee for each day the payment remains delinquent.  Plus \$50 per instance for insufficient funds.	Upon demand	All amounts owed under the Franchise Agreement to us that are not received by us on the due date will bear interest from the date payment is due to the date payment is received. In addition, you must pay us a fee of \$10 per day for each day the payment remains delinquent. If any payment to us fails due to insufficient funds or credit or otherwise, there is an additional \$50 fee owed to us.
Non-Compliance Fee	\$50 per day	When invoiced	You must pay us a per day fee for each day you are out of compliance with your Franchise Agreement. This fee is in addition to, and not in lieu of, any other damages that you may owe us for your breach of the Franchise Agreement.
Vendor Fee Reimbursement	Reimbursement all amounts, plus our costs and expenses	Upon Demand	We may periodically arrange with vendors to collect and pay fees centrally. If we do so, you may be required to pay us or our affiliates the fees for certain products and services offered and we will pay the vendor on your behalf.

NAME OF FEE <sup>(1)</sup>	AMOUNT	DUE DATE <sup>(2)</sup>	REMARKS
Customer Refund	Reimbursement all amounts, plus our costs and expenses	Upon demand	Payable if you do not resolve a customer service complaint, and we determine a request for refund is reasonable, and we pay a refund to the customer to resolve the complaint.
Reimbursement for Taxes	Reimbursement all amounts, plus our costs and expenses	Upon demand	Payable if we are required to pay taxes on your behalf, such amounts we pay will be indemnified by you.
Indemnification	All costs including reasonable attorney's fees	Upon demand	You must reimburse us if we are held responsible for claims directly or indirectly arising out of your Franchised Business or your breach of the Franchise Agreement or your employment practices.
Interim Operations	All Gross Revenue after deducting costs and expenses, including fees payable to us.	Upon demand	You must pay our then-current fee if we step-in to operate your Franchised Business on an interim basis if: (i) you abandon or fail actively to operate your Franchised Business for more than 5 consecutive days; (ii) any time after the death or disability of you or you Owners; (iii) if your Franchised Business is not being managed properly; or (iv) the Franchise Agreement expires or is terminated and we are transitioning your Franchised Business operations to us or another person we designate or determining whether to do so.
Lost Revenue Damages	Will vary under circumstances	Within 15 business days of termination	If we terminate your Franchise Agreement because of your default (or if you terminate without cause), you must pay us the net present value of the Royalty Fees and Brand Fund Contributions that would have become due had the Franchise Agreement not been terminated, from the date of termination until the earlier of: (a) 3 years from the termination date; or (b) the scheduled expiration of the term of the Franchise Agreement (based on the average monthly amount of your Royalty Fees and Brand Fund Contributions during the last 12 months of your regular operations, or if you have been operating your Franchised Business for less than 12 months, based on the average monthly Royalty Fees and Brand Fund Contributions of all PatchMaster Businesses during our previous fiscal year).

### Notes to Item 6:

1. Except as described in this Item 6, all fees are imposed and collected by and payable to us, though we may transfer these rights to our affiliates. These fees are not refundable. Not all of our fees are uniformly imposed due to individually negotiated terms with certain franchisees. All amounts payable by you to us, or our affiliates must be in United States Dollars (\$USD).
2. You must pay all amounts due under the Franchise Agreement as we periodically prescribe. Currently, we require all payments to be made through an electronic funds transfer account (the "Transfer Account") that allows us to debit the Transfer Account for all amounts you owe us on their due dates or the next business day if the due date is a national holiday or a weekend. You must ensure that funds are available in the Transfer Account to cover our withdrawals. If you fail to report your Gross Revenue when due, then in addition to late fees, we may calculate amounts due based on your average Gross Revenue as determined by us for the preceding six months. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your Transfer Account on the next payment due date. We may require you to make payments through any other method at any time, and you must comply with our payment instructions. We may change the timing and intervals of your payments with 30 days prior notice to you. We may charge all past due fees including the Royalty Fee, Brand Fund Contribution, Meeting Registration Fee, amounts due for purchase and insurance requirements, to a credit card previously authorized by you.
3. "Gross Revenue" means the aggregate of all revenue and consideration of any kind derived from your Franchised Business, whether from check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto. Third-party fees and payments and uncollected funds are not excluded from Gross Revenue. With respect to National Accounts Clients, Gross Revenue includes all revenue received by us for performance of services, without deduction for dispatch or claims management fees or similar fees.
4. Each reduction of the percentage rate for the Royalty Fee is incremental and applies only to the Gross Revenue earned in each applicable Gross Revenue range, and not to the full year in which such year-to-date Gross Revenue is achieved. If during any calendar month you achieve a year-to-date Gross Revenue that entitles you to a lower percentage rate thereafter, you first must pay the balance of the year-to-date Gross Revenue in the applicable range multiplied by the higher percentage rate, and then the remaining Gross Revenue earned in that month at the subsequent lower percentage rate.
5. You must pay all travel and living expenses (including wages, transportation, food, lodging and workers' compensation) incurred by you and your Key Personnel or any other person incurs during any and all meetings and/or training courses and programs. You must also pay all travel and living expenses (including transportation, food, and lodging) incurred by any of our trainers or staff we send to your Franchised Business to provide training courses or programs.

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

**Franchise Agreement -1 LSA**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$54,500	\$54,500	Lump Sum	When you sign the Franchise Agreement	Us
Training Expenses <sup>(2)</sup>	\$1,000	\$3,500	As Incurred	Before Opening	Hotels; Transportation; Restaurants
Local Advertising Requirement <sup>(3)</sup>	\$19,575	\$28,575	As Arranged	Before Opening and As Incurred	Us and Third-Party Suppliers
RightTrack Startup Package <sup>(4)</sup>	\$41,000	\$41,000	Lump Sum	When you sign the Franchise Agreement	Us
Computer, Phone and Office Equipment	\$0	\$2,500	As Incurred	As Incurred	Vendors
Vehicle(s) Down Payment <sup>(5)</sup>	\$0	\$5,500	As Arranged	Before Opening	Suppliers and Vendors
Licensing, Permits, and Deposits <sup>(6)</sup>	\$0	\$2,000	As Incurred	As Incurred	Landlord
Insurance Costs including Worker's Compensation <sup>(7)</sup>	\$2,000	\$5,500	As Arranged: Annual or Monthly Premium	Before Opening	Insurance Broker
Legal Services	\$500	\$1,500	As Incurred	As Incurred	Legal Counsel
Additional Funds – 3 months <sup>(8)</sup>	\$6,000	\$15,000	As Incurred	As Incurred	Various Vendors
<b>Total</b>	<b>\$124,575</b>	<b>\$159,575</b>			

All amounts shown in the table above are estimates only for one LSA. Any fees paid to us are not refundable. Amounts paid to any third parties may be refundable but will depend on your contract or relationship with such third parties. Neither we nor any affiliate finances any part of the initial investment.

**NOTES:**

- (1) The Initial Franchise Fee must be paid when the Franchise Agreement is executed. The estimate provided above assumes that your LSA is under 350,000 in population. You must pay an additional \$0.156 per person for population above 350,000.
- (2) Your Key Personnel must attend training at the location we designate. You are responsible for the expenses you and any attendees will incur for travel and living expenses while training. The cost

of this will depend on the number of persons who attend training and the distance you must travel to the training location. You must pay the travel expenses for you and for any additional trainees.

- (3) We require a Local Advertising Expenditure of at least \$2,000 per month for the first 24 months of operation if you operate 1 LSA. Additionally, you may wish to spend additional amounts to promote your Franchised Business. The amount above is an estimate of local marketing prior to opening plus for the first 3 months of your operations. If you elect to participate in our optional programs for paid media services (\$300/mo) or social media mastery services (\$225/mo), then you must pay those amounts to us, otherwise all amounts will be paid to third-parties. The estimate above includes paid media services and social media mastery services for 3 months.
- (4) The RightTrack Startup Package includes certain tools, materials, and digital marketing services.
- (5) This estimate is for the first three months of a lease or a sufficient down payment for required vehicles to use in the Franchised Business.
- (6) This estimate includes amounts and other pre-paid costs you may incur in establishing the Franchised Business such as security deposits, utility deposits, business licenses, permits.
- (7) This estimate covers your cost of insurance as required in the Franchise Agreement for the first three to six months. You pay insurance premiums directly to third party insurers. You must deliver to us upon request certificates of insurance evidencing the existence of the required insurance coverage. Insurance requirements are identified in the Confidential Operations Manuals. If you fail to procure and/or maintain the required insurance, you authorize us to purchase this insurance on your behalf. In this event, you will be required to reimburse us for all premiums associated with this insurance. The requirements and costs of employer liability and worker’s compensation insurance depend on the jurisdiction where the Franchised Business is located.
- (8) We considered the experience and operations of our affiliates and franchisees in formulating the “additional funds” amount. These expenses are additional funds you may need to spend during the initial phase of the Franchised Business. This estimate does not include any financing or loan costs if you elect to obtain financing. These figures do not include your personal living expenses or any revenue, salary, or other compensation that you pay yourself during this period of time. This estimate does not include the cost of a leased Franchised Business Office as most franchisees operate from a home office.

**Franchise Agreement -3-LSAs**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$114,500	\$114,500	Lump Sum	When you sign the Franchise Agreement	Us
Training Expenses <sup>(2)</sup>	\$1,000	\$3,500	As Incurred	Before Opening	Hotels; Transportation Lines; Restaurants

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low	High			
Local Advertising Requirement <sup>(3)</sup>	\$28,575	\$37,575	As Arranged	Before Opening and As Incurred	Us and Third Party Suppliers
RightTrack Startup Package <sup>(4)</sup>	\$41,000	\$41,000	Lump Sum	When you sign the Franchise Agreement	Us
Computer, Phone and Office Equipment	\$0	\$2,500	As Incurred	As Incurred	Vendors
Vehicle(s) Down Payment <sup>(6)</sup>	\$0	\$11,000	As Arranged	Before Opening	Vendors
Licensing, Permits, and Deposits <sup>(7)</sup>	\$0	\$2,000	As Incurred	As Incurred	Landlord
Insurance Costs including Worker's Compensation <sup>(8)</sup>	\$2,000	\$5,500	As Arranged: Annual or Monthly Premium	Before Opening	Insurance Broker
Legal Services	\$500	\$1,500	As Incurred	As Incurred	Legal Counsel
Additional Funds – 3 months <sup>(9)</sup>	\$10,000	\$25,000	As Incurred	As Incurred	Various Vendors
<b>Total</b>	<b>\$197,575</b>	<b>\$244,075</b>			

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

**NOTES:**

- (1) The Initial Franchise Fee for each LSA must be paid when the Franchise Agreement is executed. We assume that all LSAs will be under 350,000 in population, which means that the estimated Initial Franchise Fee will be \$114,500 for three LSAs. You must pay an additional \$0.156 per person for population per LSA above 350,000.
- (2) Your Key Personnel must attend training at the location we designate. You are responsible for the expenses you and any attendees will incur for travel and living expenses while training. The cost of this will depend on the number of people who attend training and the distance you must travel to the training location. You must pay the travel expenses for you and for any additional trainees.
- (3) We require a Local Advertising Expenditure of at least \$3,000 per month for the first 24 months of operation if you operate 3 LSAs. Additionally, you may wish to spend additional amounts to promote your Franchised Business. The amount above is an estimate of local marketing prior to opening plus for the first 3 months of your operations. If you elect to participate in our optional programs for paid media services (\$300/mo) or social media mastery services (\$225/mo), then you must pay those amounts to us, otherwise all amounts will be paid to third-parties. The estimate above includes paid media services and social media mastery services for 3 months.
- (4) The RightTrack Startup Package includes certain tools, materials, and digital marketing services. The amount listed in this table assumes that you purchase three contiguous LSAs. If you purchase

non-contiguous LSAs, we will charge the RightTrack Startup package for each LSA. The estimate above assumes your LSAs are contiguous

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

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### **Specifications for Products, Services, and Suppliers**

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

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

revoke our approval of any products, services, or suppliers at any time by providing you notice. You must promptly cease using, selling, or providing any products, services, or suppliers disapproved by us.

Currently, you must purchase the RightStart Startup Package from us. Additionally, we are an approved supplier of certain optional paid media services and social media mastery services. Otherwise, neither we nor our affiliates offer or sell any products or services to franchisees. However, we may occasionally centrally pay suppliers for products and services they provide to you on your behalf, and you must reimburse us for such amounts. Other than an ownership interest in us, none of our officers have an interest in any privately held suppliers, or a material interest in any publicly held suppliers.

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

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

## **Insurance**

During the term of the Franchise Agreement, you must maintain in force at your sole expense the minimum types and amounts of insurance that we require as part of our System Standards, including:

- commercial general liability insurance with bodily injury and property coverage written on an “occurrence” policy form of at least \$1,000,00 single limit per occurrence;
- medical expense for any one person of at least \$5,000;
- products and complete operations aggregate of \$2,000,000;
- personal and advertising injury in the amount of at least \$1,000,000;
- fire damage in the amount of at least \$300,000;
- aggregate policy limit in the amount of at least \$2,000,000;
- automobile insurance for any owned, leased, non-owned and hired automobile coverage in an amount of not less than \$1,000,000 with \$500 deductibles for both the collision and comprehensive deductible;
- if you use any employees or independent contractors to perform the services of the Franchised Business, you must have Workers’ Compensation insurance as required by state law;
- Employer Liability with coverage of not less than \$1,000,000 per accident and \$1,000,000 policy limit in the aggregate;
- if you own office or warehouse space, you are encouraged to have Property Insurance for the building, business/personal property and the property of others in the replacement amount of the contents of the site.

We may require that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. We may require increased coverage if you wish to serve National Account Clients. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Franchised Business’ operation or activities of you and your personnel. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages at any

time. These insurance policies must be purchased from licensed insurers having a rating of “A/VIII” or higher. Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved and provide us with 30 days’ prior written notice of a policy’s material modification, cancellation, or expiration.

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

**Revenue Derived from Franchisee Purchases and Leases**

We and/or our affiliates may derive compensation or other benefits based on your purchases or leases, including from designated or approved suppliers. We have the right to retain such compensation or benefits, and you will have no interest in or claim to such compensation or benefit. Additionally, we may occasionally pay any of our approved or designated suppliers on your behalf, and you must reimburse us for such amounts. We currently receive the following compensation from suppliers on the basis of purchases and leases made by franchisees: (i) 5% of franchisees purchases of branded apparel and merchandise; and (ii) 2% of franchisee purchases of certain brands of paint. During our fiscal year ended December 31, 2025, we derived \$1,903 from suppliers based on franchisee purchases (0.0004% of our total revenue of \$5,189,661); and (b) \$991,770 from the sale of supplies, products, and services to franchisees (19.1% of our total revenue of \$5,189,661). Otherwise, neither we nor our affiliates received any compensation or benefits from suppliers based on sales to franchisees or from franchisee purchases.

**Purchasing Cooperatives and Arrangements**

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

**ITEM 9**

**FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

	<b>Obligation</b>	<b>Section(s) in Agreement</b>	<b>Disclosure Document Item(s)</b>
a.	Site selection and acquisition/lease	Sections 4.1 and 1	Items 11 and 12
b.	Pre-opening purchases/leases	Sections 4.2 and 4.3	Items 7, 8 and 11
c.	Site development and other pre-opening requirements	Section 4.1	Items 7, 8, and 11
d.	Initial and ongoing training	Section 7	Item 6, 7, and 11

<b>Obligation</b>		<b>Section(s) in Agreement</b>	<b>Disclosure Document Item(s)</b>
e.	Opening	Section 4.4	Item 11
f.	Fees	Sections 2, 3.2, 3.3, 7, 10.2, 10.5, 11.8, 11.10, 11.12, and Summary Page	Items 5, 6, and 7
g.	Compliance with standards and policies/Operating Manuals	Sections 4, 5, 8, 9, 10, and 11	Item 8, 11, 14, and 16
h.	Trademarks and proprietary information	Sections 5, 6.1, and 8.2	Items 13 and 14
i.	Restrictions on products/services offered	Sections 6.3, 11.1, 11.10, 11.11, and 11.14	Items 8 and 16
j.	Warranty and customer service requirements	Sections 11.4 and 11.7	Item 16
k.	Territorial development and sales quotas	Sections 1.2 and 11.9	Item 12 and 16
l.	Ongoing product/service purchases	Section 11.1	Items 8 and 16
m.	Maintenance, appearance and remodeling requirements	Sections 4.2, 8.1, 8.3, and 11.2	Item 6 and 11
n.	Insurance	Section 11.13	Items 6, 7, and 8
o.	Advertising	Section 9	Items 6, 7 and 11
p.	Indemnification	Section 16.2	Item 6
q.	Owner's participation/management/staffing	Sections 11.3 and 11.4	Item 15
r.	Records and reports	Section 10	Item 11
s.	Inspections and audits	Sections 10.5 and 11.2	Items 6, 11, and 13
t.	Transfer	Section 14	Items 6 and 17
u.	Renewal	Section 3.2	Items 6 and 17
v.	Post-termination obligations	Sections 6 and 13	Item 17
w.	Non-competition covenants	Section 6.3	Item 17
x.	Dispute resolution	Section 18	Item 17
y.	Unlimited Guaranty and Assumption of Obligations	Section 15.3	Item 15

**ITEM 10**  
**FINANCING**

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

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

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

Before you begin operating your Franchised Business, we will:

- (1) Make available to you our System Standards for your Franchised Business Office, service vehicle, service tool and equipment, and other equipment, signs, fixtures, opening inventory, and supplies necessary for the establishment and development of PatchMaster Businesses (Franchise Agreement, Sections 8.1 and 11.1). Other than providing you with our System Standards for products and suppliers, we do not otherwise deliver, install, or provide assistance with obtaining equipment, signs, fixtures, opening inventory, or supplies.
- (2) Make our Training Program available to you (or if you are a business entity, your Owners), and up to three other representatives as requested by you (one of which must be your General Manager, as applicable) (Franchise Agreement, Section 7.1).
- (3) Provide you with access to the Confidential Operations Manual (Franchise Agreement, Section 8.2).

**Site Selection**

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

**Opening of Franchised Business**

We estimate that you will begin operating your Franchised Business within 60 to 120 days of signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to begin operating your Franchised Business by the deadline specified in your Franchise Agreement. The date you may begin operating your Franchised Business will depend on whether you have completed all of the following requirements, all of which are mandatory prior to commencing operations: (a) obtained and provided us copies of all certifications, permits and licenses required to operate your Franchised Business, including those specified as mandatory in the Confidential Operations Manual; (b) established a Franchised Business Office with all required office equipment and broadband or high-speed internet service; (c) acquired a service vehicle meeting our System Standards, and have it wrapped and lettered it in accordance with our System Standards; (d) acquired the service tools, equipment, and initial inventory required for the operation of your Franchised Business; (e) furnished us with copies of all insurance policies required by the Franchise Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as we may request; (f) hired and trained the personnel necessary or required for the operation of your Franchised Business; (g) completed the Training Program to our satisfaction; and (h) paid in full all amounts due to us.

You may not commence operations until you have met all of the conditions above and our System Standards, and you receive notice from us that you are authorized to open.

### **Confidential Operations Manual**

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

### **After you begin operating your Franchised Business, we will:**

1. Indemnify you if anyone challenges your right to use the Marks, provided you have complied with your Franchise Agreement. (Franchise Agreement, Section 5.6)
2. Continue to provide you with access and modifications to the Confidential Operations Manual. (Franchise Agreement, Sections 8.2 and 11.1)
3. Administer the Brand Fund as described in your Franchise Agreement (which may not directly benefit your LSA(s) or Franchised Business). (Franchise Agreement, Section 9.2)
4. Establish prices charged to National Account Clients and prices for products or services sold through any Franchise System Website (as defined below). (Franchise Agreement, Sections 11.10 and 11.11)

### **Advertising and Promotion**

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

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

We may require you to spend a minimum amount per month on advertising, promotions, and public relations for your Franchised Business in your LSA(s) (“Local Advertising Expenditure”). Currently, during the first 24 months of your operations, we require you to spend a minimum of \$2,000 per month if you operate 1 or 2 LSAs, or \$3,000 per month if you operate 3+ LSAs as your Local Advertising

Expenditure. We may modify the Local Advertising Expenditure, including requiring a Local Advertising Expenditure after the first 24 months of your operations, provided that it will not exceed \$2,000 per month per LSA. We will determine what type of expenditures will count towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any costs you incur for advertising conducted at the Franchised Business Office and/or on service vehicle(s), such as vehicle wraps, will not be counted towards your Local Advertising Expenditure. At our request, you must send us an accounting of your Local Advertising Expenditure. We may periodically require you to pay part or all of the Local Advertising Expenditure to us or our affiliates. We may at any time, with at least 30 days' notice to you, change the proportion of the Local Advertising Expenditure that you must spend directly, versus paying us or our designee.

Optional Franchisee Programs. We may periodically establish one or more optional programs for franchisees, which you may elect to participate in for an additional cost. If we establish any such programs, and you elect to participate, you must pay the associated fee as we require and comply with the terms and conditions for those programs. You may elect not to participate in these optional programs, provided that you understand that you will not be entitled to the benefits of such programs in such case. We may modify and/or discontinue any optional programs that we establish at any time, and/or establish new optional programs at any time. We may also establish franchisee qualifications and/or participation criteria for such optional programs, and/or elect not to provide you access to any such optional programs for any reason. We currently offer optional programs for: (a) paid media services, including certain lead aggregation services and digital marketing expenditures for \$300 per month; and (b) social media mastery services, including social media advertising, customer engagement, local postings, and related strategies for \$225 per month. If you choose to participate in these optional programs, the fees payable to us will be in addition to, and not be counted towards, your Local Advertising Expenditure.

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

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

sales. We may modify Brand Fund programs, services, or expenditures at any time. If all of the Brand Fund Contributions are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Brand Fund for use in the following years.

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

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

An accounting of the operation of the Brand Fund will be prepared annually and will be available to you upon written request. We retain the right to have the Brand Fund reviewed or audited and reported on, at the expense of the Brand Fund, by an independent certified public accountant selected by us. We may also administer the Brand Fund through a separate entity whenever we deem appropriate, and such entity will have all of the rights and duties reserved to us. During our last fiscal year ended December 31, 2025, we spent the Brand Fund Contributions in the following manner: 17% on media production; 20% on media placement; and 63% on administrative expenses. We did not spend any amounts principally to solicit franchise sales.

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

*Franchise Advertising Council.* Other than our FAC (defined in Item 20), we do not currently maintain an advertising council composed of franchisees to advise us on advertising policies. The FAC was established by us to foster collaboration between us and franchisees, which may periodically include matters relating to advertising, but is not limited to such topics. The FAC serves in an advisory and consultative capacity only and the advice of the FAC is not binding on us and we cannot form, change, or dissolve the FAC without changing the Franchise Advisory Council by-laws. The FAC will be comprised of 3 to 5 members appointed by us, plus members of our management team. To qualify to serve on the FAC, a franchisee must be in compliance with its agreements with us, attend every annual conference, have been operating at least one PatchMaster Business for at least 12 months, and exhibit strong leadership qualities and a commitment to the System. We may remove any person from the FAC for failing to satisfy these qualifications.

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

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

### **Technology Systems**

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

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

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

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

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

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

to impose such changes and you must comply with the changes we introduce and require for the Technology Systems. We may de-activate, suspend, reduce, or terminate you and/or your personnels' access to any or all technology products, services, benefits, or support upon your default of the Franchise Agreement.

**Training**

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

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

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

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

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the -Job Training</b>	<b>Location*</b>
Welcome and Overview – Brand and Culture	1	0	Online and Chester, NJ
Pricing	1	0	Online and Chester, NJ
Software, Systems and Scheduling	3	0	Online and Chester, NJ
Marketing, Networking, Lead Generation, Social Media	4	0	Online and Chester, NJ
Equipment, Vehicles and Vendors	1	0	Online and Chester, NJ
Administrative	2	0	Online and Chester, NJ

Finance and Reporting	2	0	Online and Chester, NJ
Hands on Training	0	20	Online and Chester, NJ
Operations, Equipment, Products, and Vendors	7.5	0	Online and Chester, NJ
Environmental, Insurance, and Safety	1	0	Online and Chester, NJ
<b>TOTAL</b>	<b>22.5</b>	<b>20</b>	

Our Training Program is currently conducted by Paul Ferrara (9 years of experience with us and our predecessors, and 20 years of experience in the subjects taught), Joe Eible (8 years of experience with us and our predecessors, and over 15 years of experience in the subjects taught), and Kevin Gray (2 years of experience with us and our predecessors, and over 16 years of experience in the subjects taught). Our primary instructional materials consist of our Confidential Operations Manual.

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

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

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

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

## ITEM 12 TERRITORY

### Your Licensed Service Area

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

You and we will agree on one or more geographic areas to act as your LSA(s) before you sign the Franchise Agreement. The LSA(s) will be defined by zip codes and be based on general population of approximately 300,000-350,000 individuals (according to the most recent U.S. Census data available at the time you and we sign the Franchise Agreement). You may obtain up to three LSAs under a single Franchise Agreement. Your Franchised Business Office must be within your LSA(s). Should the boundaries of any such postal codes change for any reason, your LSA(s) will be the same geographic boundaries as the LSA for those postal codes on the date of your Franchise Agreement. You may not relocate your LSA(s) and/or the Franchised Business Office without our prior written approval and satisfying our process, including paying a territory change fee of \$1,000 per LSA plus reimbursement of our costs, signing an amendment to your Franchise Agreement, and signing a general release of claims for us and our affiliates (subject to state law).

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

During the term of your Franchise Agreement, if you and your Owners and affiliates are in full compliance with your Franchise Agreement and all other agreements with us and our affiliates, we will not establish or operate or grant any other person the right to establish or operate a PatchMaster Business with an office located in your LSA(s). Otherwise, nothing will restrict or limit our or our affiliates' rights to conduct any other business activities in any location whatsoever, including in your LSA(s), including that we and our affiliates may expressly: (i) conduct marketing, advertising, or promotional activities of any kind and/or solicit or accept customers of any kind, in any location whatsoever, including in your LSA(s), including through alternative distribution channels and/or the Internet, catalog sales, telemarketing, or other direct marketing sales; and/or (ii) conduct services and perform jobs and/or grant other parties the right to conduct services and perform jobs, for National Accounts Clients, in any location whatsoever, including in your LSA(s). We do not have to pay you any compensation for conducting these activities. We may revoke or reduce the size of any of your LSA(s), with notice to you, if you or your Owners or any of your and their respective affiliates breach your Franchise Agreement and/or any other agreement with us and our affiliates.

You may not engage in any promotional or similar activities, or sell any products or services, whether directly or indirectly, through any Online Presence, without our prior approval. You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

### **Minimum Performance Criteria**

You are required to achieve the following minimum performance criteria: beginning in the 3<sup>rd</sup> year of operation, your Franchised Business must annually achieve a minimum of \$100,000 in Gross Revenue. There is no minimum performance criteria during the first 2 years of operations of your Franchised Business. With no less than 30 days prior notice, we may increase the amount of the minimum average annual Gross Revenue in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor’s Consumer Price Index since the date of your Franchise Agreement, or such later date as we last adjusted the minimum average annual Gross Revenue. If you fail to achieve the minimum Gross Revenue in any year in any LSA, we may either reduce the size of your LSA(s) or terminate your Franchise Agreement. If you have for any reason acquired multiple LSAs under a Franchise Agreement, you must achieve the minimum Gross Revenue for each LSA. Except as provided in this Item 12 and the continued compliance with your Franchise Agreement with us, the continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.


### **Affiliated Franchised Programs**

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

## **ITEM 13**

### **TRADEMARKS**

We currently own our principal Marks, which have been registered on the Principal Register of the U.S. Patent and Trademark Office. Our principal Marks are currently as follows:

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

All required affidavits of use have been filed in a timely manner. There is presently no effective determination of the U.S. Patent and Trademark Office, the Trademark Trial & Appeal Board, the trademark

administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. We know of no infringing or prior superior uses that could materially affect the use of the Marks.

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

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

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

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

## **ITEM 14**

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

#### **Patents and Copyrights**

We do not own any patents that are material to the franchise. We do not have any pending patent applications that are material to the franchise. We own copyrights in the Confidential Operations Manual, our website, our marketing materials, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating your Franchised Business and you must stop using them if we direct you to do so.

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

### **Confidential Information**

In connection with your Franchised Business, you and your Owners and personnel may be provided and/or have access to non-public information about the System and the operation of PatchMaster Businesses (the “Confidential Information”), including: (1) training programs and operations materials (including the Confidential Operations Manual); (2) the System Standards and methods and techniques for operating PatchMaster Businesses; (3) market research and strategies, customer service techniques, and other practices for generating and maintaining customers; (4) specifications for, suppliers of, and methods of ordering, products and services; (5) any software, technology, or Online Presences which are proprietary to us or the System, including digital passwords and identifications and any source code of, and data and reports generated by the software or similar technology; (6) the operating results and financial performance of PatchMaster Businesses, including your Franchised Business; (7) customer and client lists, terms, job pricing and history, preferences, demographic information and related information; (8) any other data, materials, and/or information that is created by, stored in, and/or derived from your Technology Systems in connection with your Franchised Business; and (9) any other information designated as confidential or proprietary by us. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

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

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

As it relates to any “personally identifiable information” that constitutes part of our Confidential Information, you must also: (a) process, retain, use, collect, and disclose all such personally identifiable information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any

applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to such personally identifiable information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any such personally identifiable information.

### **Innovations**

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

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

#### **General Manager**

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

#### **Obligations of Owners and Other Key Personnel**

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

### **Subcontractors**

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

## **ITEM 16**

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

#### **Authorized Products and Services**

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

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

#### **Pricing**

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

#### **National Accounts Clients**

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

National Account Client and collect payment directly. We may also charge our then-current fees for participation in the program, including dispatch, management, declined job, or other administrative fees.

**Service Warranties**

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

**ITEM 17**

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Agreement	Summary
a. Length of the franchise term	Section 3.1, Summary Page	The initial term is 10 years.
b. Renewal or extension of the term	Sections 3.2 and 3.3	<p>You may renew for one successive 10-year term if you satisfy the conditions described below.</p> <p>If you fail to enter into a renewal agreement after your Franchise Agreement expires, we may treat it as either your operation after expiration in violation of our rights, or continuation of our franchise on a month-to-month basis (and in such case, we may terminate such holdover period at any time with notice to you).</p>

Provision	Section in Agreement	Summary
c. Requirements for franchisee to renew or extend	Sections 3.2	You must have: substantially complied with the Franchise Agreement and all other agreements with us and our affiliates; updated the Franchised Business Office and your service vehicle and equipment; satisfied all monetary obligations owed to us or our affiliates; not been in default of any provision of the Franchise Agreement or any other agreement between you and us; notified us of your intent to renew no less than 9 months and no more than 12 months prior to the end of the term; signed a then-current Franchise Agreement, which may have materially different terms and conditions (including higher Royalty Fee, higher Brand Fund Contributions and a different or modified LSA(s)); satisfied all training required by us; pay us our renewal fee plus reimburse us for our costs; satisfied our then-current qualifications for new franchisees; and signed a general release (subject to state law). We must be offering franchises for PatchMaster Businesses in the geographic area of your LSA(s) at the time you request a renewal.
d. Termination by franchisee	Section 12.3	You can terminate if you are in full compliance with all of the terms of your Franchise Agreement, we materially breach your Franchise Agreement, and we fail to make reasonable efforts to cure such breach within 60 days after receiving written notice from you (subject to state law).
e. Termination by franchisor without cause	None	We may not terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	Sections 12.1 and 12.2	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Section 12.2	We can terminate the Franchise Agreement, after a cure period as follows: 5 days to cure failure to maintain certifications and permits; 72 hours to cure violations of health or safety laws; 15 days to cure payment or reporting defaults; 10 days to cure violations of law; 15 days to cure use of improper phone numbers or vehicles, refusal to allow inspections, failure to use required technology, failure to procure required insurance, or failure to comply with indemnification obligations; 30 days to cure any other breach of the Franchise Agreement (subject to state law).

Provision	Section in Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 12.1 & Section 12.2	The Franchise Agreement will terminate automatically without notice upon the occurrence of certain bankruptcy or insolvency-related events. We may also terminate without an opportunity to cure for: failure to begin operations by required opening deadline; Key Personnel do not satisfactorily complete the Training Program; material misrepresentations or omissions; felony or other adverse crime; violations of confidentiality, non-compete or other covenants; abandonment; unauthorized transfer; Franchised Business is not managed by an authorized Owner or General Manager; 2 or more understated reports by more than 3% of Gross Revenue; misuse of Marks or System; 2 or more defaults in any 12 months; failure to pay vendors or otherwise comply with material obligation owed to vendor beyond applicable cure periods; terminable default under any other agreement with us or our affiliates; violation of territorial limitations; more than 2 notices of abusive or unprofessional behavior; failure to attend first franchise meeting (subject to state law).
i. Franchisee's obligations on termination/non-renewal	Section 13	You must stop operating your Franchised Business; cease use of Marks and System and de-identify your Franchised Business; cease representing yourself as a present or former PatchMaster® franchisee and cancel assumed names; return or destroy Confidential Information; cease using and either assign to us or deactivate contact information; discontinue use of all proprietary software; pay us a reasonable deposit, post a bond, or offer another form of financial assurance to us to support any Service Warranties; comply with all other System Standards for closure and de-identification; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement; and pay us all balances owed within 5 days. You must pay us lost revenue damages if we terminate for your breach or you terminate other than as permitted under the Franchise Agreement.
j. Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.

Provision	Section in Agreement	Summary
k. “Transfer” by franchisee– definition	Section 14.2	“Transfer” includes voluntarily or involuntarily, directly or indirectly, selling, assigning, conveying, gifting, giving away, pledging, mortgaging, sublicensing, or otherwise transferring or encumbering, whether by operation of law or otherwise: (a) the Franchise Agreement or any interest in the Franchise Agreement, (b) the franchise granted to you, (c) all or substantially all of the assets of your Franchised Business, or (d) any direct or indirect ownership interest in you, your franchise rights, or your Franchised Business, including any right to share in the governance or profits thereof, or control or management of your Franchised Business.
l. Franchisor’s approval of transfer by franchisee	Section 14.2	You may not transfer your interest in any of the items listed in Item 17(k) above without our prior written consent.
m. Conditions for franchisor approval of transfer	Section 14.2.2	We decline to exercise our right of first refusal; all obligations owed to us are paid and satisfied; you have materially complied with your Franchise Agreement and other agreements with us and our affiliates; you and transferee sign the transfer documents we require, including executing a general release of claims (subject to state law); you and the transferee comply with our then-current transfer procedures, including any application and certification of the prospective transferee; the proposed transferee satisfies our criteria for new franchisees; the terms of the transfer are approved by us; the transferee assumes all outstanding Service Warranties; the transferee and its owners sign our then-current Franchise Agreement which may have materially different terms and conditions (including higher Royalty Fee, higher Brand Fund Contributions); payment of a transfer fee; the transferee’s key personnel have agreed to complete the Training Program; and you provide all other evidence we require of the transition and transfer of the business to satisfy our conditions.
n. Franchisor’s right of first refusal to acquire franchisee’s Franchised Business	Section 14.3	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Franchisor’s option to purchase franchisee’s Franchised Business	None	Not applicable.

Provision	Section in Agreement	Summary
p. Death or disability of franchisee	Section 14.2	After the death or incapacity of an Owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may terminate the Franchise Agreement. We must approve the transferee prior to transfer. We will also have the right to operate your Franchised Business on an interim basis if it is not being properly managed.
q. Non-competition covenants during the term of the franchise	Section 6.3	<p>During the term of the Franchise Agreement, in any location, you and your Owners must not (and must cause affiliates, family members, spouses and assigns not to): (i) have any direct or indirect interest in any Competitive Business, or (ii) advise, operate, or provide assistance or services of to any Competitive Business.</p> <p>“Competitive Business” means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) drywall and other wall repair, paint, texture and related services and/or any other line of business, products, or services that are substantially similar to those offered by PatchMaster Businesses.</p>
r. Non-competition covenants after the franchise is terminated or expires	Section 6.3	For a period of 2 years from and after the date of termination or expiration of the Franchise Agreement, in your LSA(s) or any location that is within a 25-mile radius of your LSA(s) or within a 25 mile radius of the business office of any other PatchMaster Business, you and your Owners must not (and must cause affiliates, family members, spouses and assigns not to): (i) have any direct or indirect interest in any Competitive Business, or (ii) advise, operate, or provide assistance or services of to any Competitive Business.
s. Modification of the agreement	Sections 8.2, 8.3 and 17.3	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the System Standards and Confidential Operations Manual during the term of your Franchise Agreement.
t. Integration/merger clause	Section 17.3	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.

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
u. Dispute resolution	Section 18	All controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association on demand of either party. We and you must arbitrate all disputes at a location in or within 50 miles of our then-principal place of business (currently, Chester, New Jersey) (subject to state law, if applicable).
v. Choice of forum	Section 18.1 and 18.5	Arbitration in the city in which we maintain our principal business address (currently, Chester, New Jersey).  The venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently, Chester, New Jersey (subject to applicable state law).
w. Choice of law	Section 18.4	All matters relating to arbitration will be governed by the Federal Arbitration Act. Except to the extent governed by the Federal Arbitration Act, the U.S. Trademark Act of 1946, or other federal law, any agreement between us and our affiliates and you and your affiliates, will be governed by the laws of the State of New Jersey (subject to applicable state law).

## **ITEM 18**

### **PUBLIC FIGURES**

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

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

This Item 19 presents the following historical data for certain franchised outlets for the calendar year ended December 31, 2025: (1) average and median annual Gross Revenue; (2) average and median annual Gross Revenue separated based on the number of active LSAs; (3) average and median annual Gross Revenue per LSA; (4) average and median Gross Revenue per job; and (5) average and median annual Gross Profit.

In this Item 19, “Gross Revenue” is defined as it is in the Franchise Agreement, as total revenues, receipts, and dollar volume from the sale of all products, services and merchandise sold and booked in connection with the Franchised Business, whether under any of the Marks or otherwise. Gross Revenue is calculated on an accrual basis regardless of whether you have collected payment. Gross Revenue excludes sales taxes added to

the sales price and collected from the customer. Third-party fees and payments and uncollected funds are not excluded from Gross Revenue. This information about Gross Revenue is compiled from reports submitted to us by the franchisees. These statements have not been audited. In this Item 19, “Gross Profit” means the Gross Revenue minus Cost of Goods Sold. Gross Profit does not reflect net profits and does not deduct all operating expenses. For example, Gross Profit does not deduct ongoing fees payable to us, such as royalties and minimums, marketing contributions, technology fees, and does not deduct other typical operating expenses such as automotive expenses, marketing expenses, office supplies, and professional fees. “Cost of Goods Sold” means total Labor Expenses plus total Material Expenses. “Labor Expenses” means wages and compensation paid to technicians, field workers, and contractors performing services, but it does not include any owner/operator salary or compensation, and it does not include any payroll taxes, costs, or benefits. “Material Expenses” means the cost of supplies and materials used to perform customer services.

The data in this Item 19 is presented on a per franchisee basis and not a per LSA basis, because a number of franchisees operate multiple LSAs, which are reported together. The number of LSAs of each franchisee in the tables below is calculated as of December 31, 2025. The estimated population in each franchisee’s LSA varies, but is provided below in the footnotes of applicable tables below. The information on population has been estimated based on available US census figures.

As of December 31, 2025, a total of 180 franchised LSAs were in operation. In this Item 19, we report Gross Revenue for 51 franchisees operating a total of 119 LSAs. We have excluded data from (i) 59 LSAs that were opened by a new franchisee and began operations in 2025 and therefore did not operate in the system for the entire 2025 calendar year (6 newly-opened LSAs are included in the Item 19 data, either because the franchisee began operations in the first week of January 2025 and therefore operated for substantially all the year, and/or the LSA was opened by a franchisee already operating in our system for more than 12 months and the information for such LSA was included in such franchisee’s annual data); and (ii) 2 for LSAs for which we had incomplete reporting during the 2025 calendar year.

In this Item 19, we report Gross Profit, Labor Expenses, Costs of Goods Sold, and Material Expenses for 35 franchisees with a total of 77 LSAs. We report Gross Profit, Labor Expenses, Costs of Goods Sold, and Material Expenses for this subset of franchisees because they were operating for the entirety of 2025 and have timely provided us with the required financial reports. If a franchisee purchased an additional LSA in 2025, the franchisee was reported in this Item 19 based on the LSAs owned at the end of the year.

The data in this Item 19 also excludes 14 LSAs that ceased operation in 2025, of which 6 had been open for fewer than 12 months as of the date of closure or termination.

**Table 1**  
**Average and Median Annual Gross Revenue of PatchMaster Franchisees**  
For the Twelve Months Ending December 31, 2025

The following is a statement of average and median annual Gross Revenue for calendar year 2025 for the 51 reporting PatchMaster franchisees. The information is presented for all reporting franchisees, plus for the top 10% and bottom 10% of reporting franchisees based on Gross Revenue, plus reporting franchisees broken into three subsets (tertiles) based on Gross Revenue.

Subset based on Gross Revenue	Total Franchisees	Average Gross Revenue	# (and %) of Franchisees at or above Average	Median Gross Revenue
Top 10% (Note 1)	5	\$866,895	2 (40%)	\$813,614
1 <sup>st</sup> Tertile (Note 2)	17	\$576,499	5 (29%)	\$485,417
2nd Tertile (Note 3)	17	\$244,747	7 (41%)	\$224,727
3rd Tertile (Note 4)	17	\$138,363	8 (47%)	\$136,713
Bottom 10% (Note 5)	5	\$102,733	2 (40%)	\$99,605
<b>All Franchisees (Note 6)</b>	51	\$319,869	19 (37%)	\$224,727

**NOTE 1**

The lowest Gross Revenue in this subset was \$717,296; the highest Gross Revenue in this subset was \$1,107,209. The lowest population in this subset was 719,627; the highest population in this subset was 2,031,631.

**NOTE 2**

The lowest Gross Revenue in this subset was \$364,109; the highest Gross Revenue in this subset was \$1,107,209. The lowest population in this subset was 249,807; the highest population in this subset was 2,031,631.

**NOTE 3**

The lowest Gross Revenue in this subset was \$186,561; the highest Gross Revenue in this subset was \$354,637. The lowest Population in this subset were 346,514; the highest population in this subset were 1,110,279.

**NOTE 4**

The lowest Gross Revenue in this subset was \$88,718; the highest Gross Revenue in this subset was \$185,412. The lowest population in this subset was \$338,871; the highest population in this subset was 1,066,906.

**NOTE 5**

The lowest Gross Revenue in this subset was \$88,718; the highest Gross Revenue in this subset was \$126,493. The lowest population in this subset was 356,270; the highest population in this subset was 724,780.

**NOTE 6**

The lowest Gross Revenue in this subset was \$88,718; the highest Gross Revenue in this subset was \$1,107,209. The lowest population in this subset was 249,807; the highest population in this subset was 2,031,631.

**Table 2**  
**Average and Median Annual Gross Revenue of PatchMaster Franchisees Per LSA**  
For the Twelve Months Ending December 31, 2025

The following is a statement of average and median annual Gross Revenue for calendar year 2025 the 51 reporting PatchMaster franchisees per LSA. Because franchisees do not report Gross Revenue per LSA: (i) the average Gross Revenue per LSA is obtained by dividing total Gross Revenue of each franchisee by the total number of LSAs held by such franchisee; and (ii) the median Gross Revenue per LSA is calculated as the median of such averages. The average number of years operating is based on when each franchisee entered our franchise system for the first time and not the date of acquiring any additional LSA. The information is presented for all reporting franchisees, plus for the top 10% and bottom 10% of reporting franchisees based on Gross Revenue, plus for reporting franchisees broken into three subsets (tertiles) based on Gross Revenue.

Subset based on Gross Revenue	# of Franchisees	# of Active LSAs	Avg LSAs per Franchisee	Avg Gross Revenue per LSA	Median Gross Revenue per LSA	Average Years Operating
Top 10% (Note 1)	5	25	5.0	\$207,414	\$184,535	5.1
1st Tertile (Note 2)	17	60	3.5	\$217,610	\$173,855	4.7
2nd Tertile (Note 3)	17	31	1.8	\$157,376	\$137,433	3.1
3rd Tertile (Note 4)	17	28	1.6	\$98,826	\$92,706	2.5
Bottom 10% (Note 5)	5	7	1.4	\$84,751	\$99,605	2.2
<b>Total (Note 6)</b>	51	119	2.3	\$157,937	\$126,493	3.4

**NOTE 1**

The lowest average Gross Revenue per LSA was \$101,702; the highest average Gross Revenue per LSA in this subset was \$366,565. 2 out of 5 (40%) of the franchisees in this subset attained or surpassed the stated average.

**NOTE 2**

The lowest average Gross Revenue per LSA was \$69,039; the highest average Gross Revenue per LSA in this subset was \$484,432. 7 out of 17 (41%) of the franchisees in this subset attained or surpassed the stated average.

**NOTE 3**

The lowest average Gross Revenue per LSA was \$64,138; the highest average Gross Revenue per LSA in this subset was \$299,163. 8 out of 17 (47%) of the franchisees in this subset attained or surpassed the stated average.

**NOTE 4**

The lowest average Gross Revenue per LSA was \$43,164; the highest average Gross Revenue per LSA in this subset was \$177,560. 8 out of 17 (47%) of the franchisees in this subset attained or surpassed the stated average.

**NOTE 5**

The lowest average Gross Revenue per LSA was \$44,359; the highest average Gross Revenue per LSA in this subset was \$126,493. 3 out of 5 (60%) of the franchisees in this subset attained or surpassed the stated average.

**NOTE 6**

The lowest average Gross Revenue per LSA was \$43,164; the highest average Gross Revenue per LSA in this subset was \$484,432. 20 out of 51 (39%) of the franchisees in this subset attained or surpassed the stated average.

**Table 3**  
**Average and Median Annual Gross Revenue of PatchMaster Franchisees Based on # of LSAs**  
For the Twelve Months Ending December 31, 2025

The following is the average and median annual Gross Revenue for calendar year 2025 for the 51 reporting PatchMaster franchisees based on the number of LSAs of such franchisees: 1- LSA, 2- LSAs, and 3 or more- LSAs. This calculation is based on the number of LSAs held by reporting franchisees as of December 31, 2025.

Subset based on # of LSAs Owned	# of Franchisees	Avg LSA(s) per Franchisee	Average Gross Revenue per Franchisee	Median Gross Revenue per Franchisee	Average Gross Revenue per LSA	Median Gross Revenue per LSA
1 LSA (Note 1)	17	1.0	\$227,992	\$186,561	\$227,992	\$186,561
2 LSAs (Note 2)	18	2.0	\$258,853	\$212,500	\$129,427	\$106,250
3 or more LSAs (Note 3)	16	4.1	\$486,131	\$432,684	\$117,850	\$105,740
<b>Total (Note 4)</b>	51	2.3	\$319,869	\$224,727	\$157,937	\$126,493

**NOTE 1**

The lowest Gross Revenue in this subset was \$99,605; the highest Gross Revenue in this subset was \$484,432. 5 out of 17 (29%) of the franchisees in this subset attained or surpassed the stated average Gross Revenue per franchisee.

**NOTE 2**

The lowest Gross Revenue in this subset was \$88,718; the highest Gross Revenue in this subset was \$733,131. 6 out of 18 (33%) of the franchisees in this subset attained or surpassed the stated average Gross Revenue per franchisee.

**NOTE 3**

The lowest Gross Revenue in this subset was \$129,491; the highest Gross Revenue in this subset was \$1,107,209. 6 out of 16 (38%) of the franchisees in this subset attained or surpassed the stated average Gross Revenue per franchisee.

**NOTE 4**

The lowest Gross Revenue in this subset was \$88,718; the highest Gross Revenue in this subset was \$1,107,209. 19 out of 51 (37%) of the franchisees in this subset attained or surpassed the stated average Gross Revenue per franchisee.

**Table 4**  
**Average and Median Job Size of PatchMaster Franchisees**  
For the Twelve Months Ending December 31, 2025

The following is a statement of average and median Gross Revenue per job for calendar year 2025 for the 51 reporting PatchMaster franchisees. Each job is based on the completed job order for a single customer. The information is presented for all reporting franchisees, plus for reporting franchisees broken into three subsets (tertiles) based on Gross Revenue.

Subsets based on Gross Revenue	Total Franchisees	Average Job Size (US\$)	# (and %) of Franchisees at or above Average	Median Job Size (US\$)
1st Tertile (Note 1)	17	\$1,789	8 (47%)	\$1,624
2nd Tertile (Note 2)	17	\$1,415	5 (29%)	\$1,263
3rd Tertile (Note 3)	17	\$1,274	8 (47%)	\$1,227
All Franchisees (Note 4)	51	\$1,493	18 (35%)	\$1,354

**NOTE 1**

The lowest average job size in this subset was \$858; the highest average job size in this subset was \$2,877.

**NOTE 2**

The lowest average job size in this subset was \$629; the highest average job size in this subset was \$3,381.

**NOTE 3**

The lowest average job size in this subset was \$619; the highest average job size in this subset was \$2,665.

**NOTE 4**

The lowest average job size in this subset was \$619; the highest average job size in this subset was \$3,381.

**Table 5**  
**Gross Profit, Labor Expenses, Costs of Goods Sold, and Material Expenses of PatchMaster Franchisees**  
For the Twelve Months Ending December 31, 2025

The following is a statement of average and median Labor Expenses, Material Expenses, Cost of Goods Sold, and Gross Profit for calendar year 2025 for the 35 reporting PatchMaster franchisees. The information is broken into three subsets (tertiles) based on Gross Revenue of reporting franchisees as described on Tables 1 to 4. The average percentage of Gross Revenue is calculated by dividing the total of each category of expenses of such tertile by the total Gross Revenue of such tertile.

	1st Tertile		2nd Tertile		3rd Tertile	
<b>Avg. Gross Revenue</b> (Note 1)	\$609,300		\$240,057		\$142,538	
	Amount	% of Gross Revenue	Amount	% of Gross Revenue	Amount	% of Gross Revenue
Avg. Labor Expenses (Note 2)	\$180,473	30%	\$77,090	32%	\$44,244	31%
Avg. Material Expenses (Note 3)	\$71,213	12%	\$30,216	13%	\$18,428	13%
Avg. Cost of Goods Sold (Note 4)	\$251,686	41%	\$107,306	45%	\$62,672	44%
<b>Avg. Gross Profit</b> (Note 5)	\$357,614	59%	\$132,751	55%	\$79,856	56%

**NOTE 1**

In the 1<sup>st</sup> tertile average Gross Revenue ranged from \$404,383 to \$1,031,537 with a median of \$549,295. 5 of 11 (45%) franchisees in the 1<sup>st</sup> tertile had Gross Revenue that met or exceeded the average. In the 2<sup>nd</sup> tertile average Gross Revenue ranged from \$186,565 to \$339,970 with a median of \$221,347. 5 of 13 (38%) franchisees in the 2<sup>nd</sup> tertile had Gross Revenue that met or exceeded the average. In the 3<sup>rd</sup> tertile average Gross Revenue ranged from \$95,035 to \$190,900 with a median of \$137,440. 5 of 11 (45%) franchisees in the 3<sup>rd</sup> tertile had Gross Revenue that met or exceeded the average.

**NOTE 2**

In the 1<sup>st</sup> tertile Labor Expenses ranged from \$4,798 to \$333,958 with a median of \$160,873. 5 of 11 (45%) franchisees in the 1<sup>st</sup> tertile had Labor Expenses that met or were below the average. In the 2<sup>nd</sup> tertile average Labor Expenses ranged from \$13,292 to \$134,214 with a median of \$81,179. 7 of 13 (54%) franchisees in the 2<sup>nd</sup> tertile had Labor Expenses that met or were below the average. In the 3<sup>rd</sup> tertile average Labor Expenses ranged from \$4,695 to \$96,188 with a median of \$48,284. 6 of 11 (55%) franchisees in the 3<sup>rd</sup> tertile had Labor Expenses that met or were below the average.

**NOTE 3**

In the 1<sup>st</sup> tertile average Material Expenses ranged from \$35,795 to \$115,214 with a median of \$68,528. 4 of 11 (36%) franchisees in the 1<sup>st</sup> tertile had Material Expenses that met or were below the average. In the 2<sup>nd</sup> tertile average Material Expenses ranged from \$12,529 to \$47,144 with a median of \$29,398. 6 of 13 (46%) franchisees in the 2<sup>nd</sup> tertile had Material Expenses that met or were below the average. In the 3<sup>rd</sup> tertile average Material Expenses ranged from \$15,086 to \$33,779 with a median of \$17,139. 3 of 11 of (27%) franchisees in the 3<sup>rd</sup> tertile had Material Expenses that met or were below the average.

**NOTE 4**

In the 1<sup>st</sup> tertile average Cost of Goods Sold ranged from \$53,552 to \$421,393 with a median of \$231,084. 5 of 11 (45%) franchisees in the 1<sup>st</sup> tertile had Cost of Goods Sold that met or were below the average. In the 2<sup>nd</sup> tertile average Cost of Goods Sold ranged from \$50,668 to \$ 167,874 with a median of \$97,262. 6 of 13 (46%) franchisees in the 2<sup>nd</sup> tertile had Cost of Goods Sold that met or were below the average. In the 3<sup>rd</sup> tertile average

Cost of Goods Sold ranged from \$20,246 to \$112,946 with a median of \$67,561. 6 of 11 (55%) franchisees in the 3<sup>rd</sup> tertile had Cost of Goods Sold that met or were below the average.

**NOTE 5**

In the 1<sup>st</sup> tertile average Gross Profit ranged from \$176,724 to \$628,598 with a median of \$366,155. 6 of 11 (55%) franchisees in the 1st tertile had Gross Profit that met or exceeded the average. In the 2<sup>nd</sup> tertile average Gross Profit ranged from \$65,926 to \$264,694 with a median of \$124,085. 4 of 13 (31%) franchisees in the 2<sup>nd</sup> tertile had Gross Profit that met or exceeded the average. In the 3<sup>rd</sup> tertile average Gross Profit ranged from \$(3,705) to \$151,206 with a median of \$69,084. 4 of 11 (36%) franchisees in the 3<sup>rd</sup> tertile had Gross Profit that met or exceeded the average.

\*\*\*

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

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Paul Ferrara, 88 East Main Street #345, Mendham, NJ 07945 or (973) 944-4900 x 404; the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1  
SYSTEM-WIDE OUTLET SUMMARY  
FOR YEARS 2023 TO 2025**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2023	114	107	-7
	2024	107	129	+22
	2025	129	180	+51
Affiliate-Owned <sup>2</sup>	2023	5	3	-2
	2024	3	3	0
	2025	3	3	0
<b>Total Outlets</b>	<b>2023</b>	<b>119</b>	<b>110</b>	<b>-9</b>
	<b>2024</b>	<b>110</b>	<b>132</b>	<b>+22</b>
	<b>2025</b>	<b>132</b>	<b>183</b>	<b>+51</b>

<sup>1</sup> Affiliated-owned outlets are owned by our officers.

**TABLE NO. 2**  
**TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN FRANCHISOR OR AN AFFILIATE)**  
**FOR YEARS 2023 TO 2025**

STATE	YEAR	NUMBER OF TRANSFERS
Colorado	2023	1
	2024	0
	2025	0
Florida	2023	0
	2024	0
	2025	4
Illinois	2023	0
	2024	2
	2025	0
Massachusetts	2023	0
	2024	0
	2025	3
Minnesota	2023	0
	2024	0
	2025	3
New Jersey	2023	2
	2024	0
	2025	0
North Carolina	2023	2
	2024	0
	2025	0
Texas	2023	1
	2024	2
	2025	0
Tennessee	2023	0
	2024	1
	2025	0
Wisconsin	2023	2
	2024	0
	2025	0
<b>Totals</b>	<b>2023</b>	<b>8</b>
	<b>2024</b>	<b>5</b>
	<b>2025</b>	<b>10</b>

**TABLE NO. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS 2023 TO 2025**

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	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

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
	2025	0	2	0	0	0	0	2
Alaska	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
	2025	0	0	0	0	0	0	0
Arkansas	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Arizona	2023	7	2	0	0	0	2	7
	2024	7	0	0	0	0	0	7
	2025	7	0	0	0	0	0	7
California	2023	6	1	0	2	0	3	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	2	0
Colorado	2023	2	1	1	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	2	0	0	0	0	4
Connecticut	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
	2025	1	3	0	0	0	0	4
D.C.	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Florida	2023	10	5	0	2	0	1	12
	2024	12	0	0	0	0	0	12
	2025	12	7	0	0	0	0	19
Georgia	2023	2	1	0	0	0	0	3
	2024	3	4	0	0	0	0	7
	2025	7	5	0	0	0	2	10
Idaho	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Illinois	2023	0	5	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	4	0	0	0	0	9
Indiana	2023	1	0	0	0	0	0	1
	2024	1	2	0	0	0	0	3
	2025	3	2	0	0	0	0	5
Iowa	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Kansas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1

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
Louisiana	2023	2	0	2	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Maryland	2023	2	0	0	0	0	2	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Massachusetts	2023	5	0	0	0	0	0	5
	2024	5	1	1	0	0	0	5
	2025	5	0	0	0	0	0	5
Michigan	2023	3	0	0	1	0	0	2
	2024	2	3	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Minnesota	2023	0	3	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	1	0	0	0	0	4
Mississippi	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	1	0	0	1
Missouri	2023	1	3	0	0	0	0	4
	2024	4	5	0	0	0	1	8
	2025	8	2	0	0	0	0	10
Nebraska	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Nevada	2023	3	0	0	0	0	3	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
New Jersey	2023	4	1	0	2	0	1	2
	2024	2	3	0	0	0	1	4
	2025	4	0	0	0	0	3	1
New York	2023	7	0	0	0	0	2	5
	2024	5	1	0	0	0	0	6
	2025	6	2	0	0	0	0	8
North Carolina	2023	12	0	0	0	0	1	11
	2024	11	0	1	0	0	0	10
	2025	10	3	0	0	0	2	11
Ohio	2023	3	0	0	0	0	1	2
	2024	2	1	0	0	0	0	3
	2025	3	3	0	0	0	0	6
Oklahoma	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Oregon	2023	0	4	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4

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
Pennsylvania	2023	9	3	0	6	0	0	6
	2024	6	1	0	0	0	0	7
	2025	7	3	0	1	0	0	9
South Carolina	2023	4	1	1	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	2	2
South Dakota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	4	0	1	0	0	6
Texas	2023	15	1	0	0	0	4	12
	2024	12	8	0	0	0	7	13
	2025	13	10	0	0	0	0	23
Utah	2023	7	0	0	0	0	0	7
	2024	7	0	2	0	0	0	5
	2025	5	0	0	0	0	0	5
Virginia	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	7	0	0	0	0	7
Washington	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Wisconsin	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
<b>Totals</b>	<b>2023</b>	<b>114</b>	<b>32</b>	<b>4</b>	<b>13</b>	<b>0</b>	<b>22</b>	<b>107</b>
	<b>2024</b>	<b>107</b>	<b>36</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>9</b>	<b>129</b>
	<b>2025</b>	<b>129</b>	<b>65</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>11</b>	<b>180</b>

**TABLE NO. 4**  
**STATUS OF AFFILIATE OWNED OUTLETS**  
**FOR YEARS 2023 TO 2025 <sup>1</sup>**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets at End of the Year
New Jersey	2023	5	0	0	0	2	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3
<b>Total</b>	<b>2023</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2025</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

<sup>1</sup> Affiliated-owned outlets are owned by our officers.

**TABLE NO. 5**  
**PROJECTED OPENINGS AS OF**  
**DECEMBER 31, 2025 FOR 2026 FISCAL YEAR**

State	Franchise Agreement Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	2	2	0
Colorado	1	2	0
Connecticut	0	1	0
Florida	4	4	0
Georgia	0	3	0
Kentucky	0	2	0
Massachusetts	1	1	0
Missouri	0	3	0
Nevada	0	2	0
New Jersey	1	1	0
New York	0	3	0
North Carolina	0	2	0
Ohio	0	2	0
Pennsylvania	0	3	0
Rhode Island	0	1	0
South Carolina	0	3	0
Tennessee	0	2	0
Texas	4	4	0
Virginia	0	2	0
Wisconsin	2	2	0

State	Franchise Agreement Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
<b>Total</b>	<b>15</b>	<b>45</b>	<b>0</b>

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

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

We have established the PatchMaster Franchise Advisory Council (“FAC”) to engage in meetings with our senior leadership. To contact the FAC, please reach out to Craig Lutcza, (973) 222-6316. The FAC is not incorporated or organized under state law. Other than the FAC, we are not aware of any franchisee organizations associated with our franchise system.

**ITEM 21**

**FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit A is: (a) our audited balance sheets as of December 31, 2025, December 31, 2024, and December 31, 2023, and audited statements of operations, member’s equity, and cash flow for the fiscal years then-ended; and (b) our unaudited balance sheet as of February 28, 2026, and the related income statement for the two-month period then ended.

Our fiscal year end is December 31.

**ITEM 22**

**CONTRACTS**

- Exhibit B- 1 – Franchise Agreement
- Exhibit 1 - Unlimited Guaranty and Personal Undertaking
- Exhibit 2 - Franchise Owners
- Exhibit 3 - Electronic Funds Transfer Authorization
- Exhibit 4 - State Specific Riders to the Franchise Agreement
- Exhibit 5 - Franchise Disclosure Questionnaire
- Exhibit F — Renewal and Release Agreement

**ITEM 23**

**RECEIPTS**

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

**EXHIBIT A**  
**FINANCIAL STATEMENTS**

## **UNAUDITED FINANCIAL STATEMENTS**

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

**AUDITED FINANCIAL STATEMENTS**

**PatchMaster Franchise, LLC**  
**Consolidated Profit & Loss Statement**  
As of February 28, 2026  
Unaudited

	Year To Date 2/28/2026
	Actual
Revenue	
Franchise Fees	169,000
Royalties	281,716
Marketing Brand Fund	28,710
Marketing Revenue	48,390
RTSP Revenue	39,375
Technology Fees	57,300
Rebate Income	477
National Account Fee	0
Other Income	(801)
Total Revenue	624,167
Cost of Goods	
Commissions	149,150
RTSP COGs	34,350
Other COGs	40,135
Total Cost of Goods	223,635
Total Gross Profit	400,532
Operating Expenses	
Payroll Related	103,926
Advertising	23,104
Legal	7,888
Consulting & Audit Fees	35,185
Technology Services	57,703
Training Expenses	965
Travel Related	11,966
Occupancy Related	5,274
Other Operating Expenses	27,341
Brand Fund	18,759
Total Operating Expenses	292,111
Total EBITDA	108,421
Interest, Taxes, & D&A	
Interest	0
Taxes	0
Depreciation & Amortization	2,361
Total Interest, Taxes, & D&A	2,361
Total Net Income	106,060

THE UNAUDITED FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**PatchMaster Franchise, LLC**  
**Consolidated Balance Sheet**  
As of February 28, 2026  
Unaudited

	Month Ending 2/28/2026
	Actual
<b>Assets</b>	
<b>Current Assets</b>	
Cash	856,691
Accounts Receivable	341,074
Intercompany	589,290
Prepaid Expenses	368,036
Notes Receivable	12,617
Other Current Assets	58,681
<b>Total Current Assets</b>	2,226,389
<b>Long-Term Assets</b>	
Fixed Assets - Net	21,346
Intangible Assets - Net	4,227,018
<b>Total Long-Term Assets</b>	4,248,364
<b>Total Assets</b>	6,474,753
<b>Liabilities &amp; Equity</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	38,613
Unearned Revenue	621,573
Other Current Liabilities	
Payroll Liabilities	22,050
Other Accrued Liabilities	118,807
<b>Total Other Current Liabilities</b>	140,857
<b>Total Current Liabilities</b>	801,043
<b>Long Term Liabilities</b>	
Other Long-Term Liabilities	36,490
<b>Total Long Term Liabilities</b>	36,490
<b>Total Liabilities</b>	837,533
<b>Equity</b>	
Equity	5,581,967
Net Income	55,253
<b>Total Equity</b>	5,637,220
<b>Total Liabilities &amp; Equity</b>	6,474,753

THE UNAUDITED FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.



**PATCHMASTER™**

THE DRYWALL REPAIR SPECIALISTS

**PATCHMASTER FRANCHISE, LLC**

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025, 2024, AND 2023



# PATCHMASTER FRANCHISE, LLC

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## *Independent Auditor's Report*

To the Members  
PatchMaster Franchise, LLC  
Somerville, New Jersey

We have audited the accompanying financial statements of PatchMaster Franchise, LLC, which comprise the balance sheets as of December 31, 2025, 2024, and 2023, and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PatchMaster Franchise, LLC as of December 31, 2025, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

Kezas & Dunlay

St. George, Utah  
March 26, 2026

# PATCHMASTER FRANCHISE, LLC

## BALANCE SHEETS

As of December 31, 2025, 2024, and 2023

	2025	2024	2023
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,192,597	\$ 652,576	\$ 510,397
Accounts receivable, net	441,861	603,399	1,173,530
Prepaid expenses	55,104	28,677	26,950
Deferred contract costs, current	568,089	399,805	842,215
Total current assets	2,257,651	1,684,457	2,553,092
Non-current assets			
Deferred contract costs, non-current	935,768	1,003,405	-
Equipment, net	21,546	26,608	21,118
Right of use asset	9,357	34,650	58,681
Intangible assets	4,227,019	4,227,019	4,227,019
Total non-current assets	5,193,690	5,291,682	4,306,818
Total assets	\$ 7,451,341	\$ 6,976,139	\$ 6,859,910
<b>Liabilities and Member's Equity</b>			
Current liabilities			
Accounts payable	\$ 145,507	\$ 68,549	\$ 304,796
Credit card liability	-	868	70,978
Accrued expenses	755,834	472,481	319,251
Deferred revenue, current	729,206	481,697	1,035,900
Operating lease liabilities, current	9,917	26,572	24,111
Total current liabilities	1,640,464	1,050,167	1,755,036
Non-current liabilities			
Operating lease liabilities, non-current	-	9,918	36,490
Deferred revenue, non-current	1,232,011	1,251,914	-
Total non-current liabilities	1,232,011	1,261,832	36,490
Total liabilities	2,872,475	2,311,999	1,791,526
Member's equity			
Total liabilities and member's equity	\$ 7,451,341	\$ 6,976,139	\$ 6,859,910

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

**PATCHMASTER FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS**  
For the Years Ended December 31, 2025, 2024, and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenue			
Initial franchise fees	\$ 2,867,970	\$ 1,215,886	\$ 1,501,125
Royalties	1,619,404	1,305,147	1,127,746
Marketing fees	409,684	298,158	243,263
Technology fees	290,700	203,289	177,940
Other operating revenue	1,903	1,208	55,254
Total operating revenue	<u>5,189,661</u>	<u>3,023,688</u>	<u>3,105,328</u>
Operating expenses			
General and administrative	1,200,293	1,059,442	1,122,686
Commissions	1,626,793	641,106	869,375
Marketing and advertising	1,149,803	726,869	500,655
Professional fees	340,727	387,751	195,452
Total operating expenses	<u>4,317,616</u>	<u>2,815,168</u>	<u>2,688,168</u>
Operating income	<u>872,045</u>	<u>208,520</u>	<u>417,160</u>
Non-operating expense			
Interest expense	-	-	3,058
Total non-operating expense	<u>-</u>	<u>-</u>	<u>3,058</u>
Net income	<u>\$ 872,045</u>	<u>\$ 208,520</u>	<u>\$ 414,102</u>

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

**PATCHMASTER FRANCHISE, LLC**  
**STATEMENTS OF MEMBER'S EQUITY**  
For the Years Ended December 31, 2025, 2024, and 2023

Balance as of January 1, 2023		\$ 4,654,282
Net income		414,102
Balance as of December 31, 2023		<u>5,068,384</u>
Member distributions		(612,764)
Net income		208,520
Balance as of December 31, 2024		<u>4,664,140</u>
Member distributions		(957,319)
Net income		872,045
Balance as of December 31, 2025		<u><u>\$ 4,578,866</u></u>

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

**PATCHMASTER FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2025, 2024, and 2023

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:			
Net income	\$ 872,045	\$ 208,520	\$ 414,102
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	13,427	8,535	6,182
Changes in operating assets and liabilities:			
Accounts receivable	161,538	570,131	(787,393)
Prepaid expenses	(26,427)	(1,727)	(26,950)
Deferred contract costs	(100,647)	(560,995)	(508,295)
Accounts payable	76,958	(236,247)	197,978
Credit card liability	(868)	(70,110)	35,679
Accrued liabilities	283,353	153,230	113,423
Deferred revenue	227,606	697,711	583,725
Lease asset and liability	(1,280)	(80)	(1,278)
Net cash provided by operating activities	<u>1,505,705</u>	<u>768,968</u>	<u>27,173</u>
Cash flows from investing activities			
Purchase of property and equipment	(8,365)	(14,025)	(14,062)
Net cash used in investing activities	<u>(8,365)</u>	<u>(14,025)</u>	<u>(14,062)</u>
Cash flows from financing activities:			
Member distributions	(957,319)	(612,764)	-
Net cash used in financing activities	<u>(957,319)</u>	<u>(612,764)</u>	<u>-</u>
Net change in cash and cash equivalents	540,021	142,179	13,111
Cash at the beginning of the year	652,576	510,397	497,286
Cash at the end of the year	<u>\$ 1,192,597</u>	<u>\$ 652,576</u>	<u>\$ 510,397</u>
Supplementary disclosures of cash flows			
Cash paid for interest	\$ -	\$ -	\$ -

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

**PATCHMASTER FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025, 2024, and 2023

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

*(a) Nature of Business*

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

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

*(b) Accounting Standards Codification*

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

*(c) Use of Estimates*

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

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

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

*(e) Accounts Receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, marketing fees, and technology fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2025, 2024, and 2023, the Company had an allowance for uncollectible accounts of \$28,416, \$24,070, and \$28,452, respectively.

**PATCHMASTER FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025, 2024, and 2023

*(f) Intangible Assets*

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

Impairment testing is performed by comparing the fair value of the trademarks to their carrying amount. If the carrying amount exceeds the fair value, an impairment loss is recognized in accordance with ASC 350-30-35. The Company evaluates factors such as market conditions, financial performance, and legal or regulatory changes that may impact the trademarks' fair value. Additionally, in accordance with ASC 275-10, *Risks and Uncertainties*, the Company considers significant judgments and estimates involved in determining the useful life and impairment of intangible assets. The Company has recorded no impairment loss for the years ended December 31, 2025, 2024, and 2023.

*(g) Property and Equipment*

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

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

*(h) Long Lived Assets*

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

*(i) Revenue Recognition*

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

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

The Company's revenues consist of initial franchise fees, marketing fund fees, royalty fees, and technology fees.

**PATCHMASTER FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025, 2024, and 2023

*Royalty revenue*

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

*Marketing fund fees*

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

*Technology fees*

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

*Initial franchise fees*

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

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

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

*(j) Leasing*

The Company adopted ASC 842, *Leases*. The Company has an operating lease for office space, which requires the Company to record a right-of-use asset and lease liability. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease term, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company's cash flows.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

**PATCHMASTER FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025, 2024, and 2023

*(k) Income Taxes*

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

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

The Company’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, the 2024, 2023, and 2022 tax years were subject to examination.

*(l) Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2025, 2024, and 2023 were \$1,149,803, \$726,869, and \$500,655, respectively.

*(m) Financial Instruments*

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

*(n) Reclassification*

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

(2) Intangible Assets

As of December 31, 2025, 2024, and 2023, the Company’s intangible assets consisted of the following:

	2025	2024	2023
Goodwill	\$ 3,707,019	\$ 3,707,019	\$ 3,707,019
Tradename	520,000	520,000	520,000
	<u>\$ 4,227,019</u>	<u>\$ 4,227,019</u>	<u>\$ 4,227,019</u>

(3) Accrued Expense

The Company’s accrued liabilities consist of commissions payable to brokers, payroll, and accrued advertising costs.

**PATCHMASTER FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025, 2024, and 2023

(4) Operating Lease

The Company is the lessee in an operating lease for office space. The lease expires in 2026, with the option to renew. As of December 31, 2025, 2024, and 2023, the Company recorded a right of use asset of \$9,357, \$34,650, and \$58,681, respectively. As of December 31, 2025, 2024, and 2023, the Company had the following operating lease liability:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating lease liability, current	\$ 9,917	\$ 26,572	\$ 24,111
Operating lease liability, non-current	-	9,918	36,490
	<u>\$ 9,917</u>	<u>\$ 36,490</u>	<u>\$ 60,601</u>

As of December 31, 2025, the future minimum lease payments under non-cancelable operating leases are as follows:

For the year ended December 31, 2026	\$ 10,013
Less: amounts representing interest (discount rate of 5%)	(96)
Total operating lease liability	<u>\$ 9,917</u>

(5) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties. Under the franchise agreement, franchisees are granted the right to operate a location using the Patch Master system for a period of ten years. Under the Company's revenue recognition policy, a portion of the franchise fees and any corresponding commissions attributable to the pre-opening services are recognized when the franchisee begins operations. The remainder is deferred, and the revenue is amortized over the life of the contract. In addition, the Company defers related contract costs such as broker commissions and prepaid marketing costs over the same period and records them as deferred contract costs. The current portion of deferred contract costs and revenue represents the amount expected to be recognized in the coming twelve-month period.

Disaggregated franchise fee revenue based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2025, 2024, and 2023, is as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Performance obligations satisfied at a point in time	\$ 2,775,245	\$ 1,204,526	\$ 1,501,125
Performance obligations satisfied over the life of the contract	92,722	11,360	-
Total initial franchise fee revenue	<u>\$ 2,867,967</u>	<u>\$ 1,215,886</u>	<u>\$ 1,501,125</u>

The following table represents the activity of the Company's deferred contract costs for the years ended December 31, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning deferred contract costs	\$ 1,403,210	\$ 842,215	\$ 333,920
Additions	2,467,523	1,589,675	1,917,480
Expenses recognized	(2,366,876)	(1,028,680)	(1,409,185)
Ending deferred contract costs	<u>\$ 1,503,857</u>	<u>\$ 1,403,210</u>	<u>\$ 842,215</u>
Deferred contract costs, current	\$ 568,089	\$ 399,805	\$ 842,215
Deferred contract costs, non-current	935,768	1,003,405	-
	<u>\$ 1,503,857</u>	<u>\$ 1,403,210</u>	<u>\$ 842,215</u>

**PATCHMASTER FRANCHISE, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025, 2024, and 2023

The following table represents the activity of the Company’s deferred revenue for the years ended December 31, 2025, 2024, and 2023:

	2025	2024	2023
Beginning deferred revenue	\$ 1,733,611	\$ 1,035,900	\$ 452,175
Additions	3,001,701	1,913,597	2,084,850
Revenue recognized from beginning deferred revenue	(1,379,042)	(955,950)	(452,175)
Revenue recognized from contracts executed in the current year	(1,488,925)	(259,936)	(1,048,950)
Ending deferred revenue	<u>\$ 1,867,345</u>	<u>\$ 1,733,611</u>	<u>\$ 1,035,900</u>
Deferred revenue, current	\$ 729,206	\$ 481,697	\$ 1,035,900
Deferred revenue, non-current	<u>1,232,011</u>	<u>1,251,914</u>	<u>-</u>
	<u>\$ 1,961,217</u>	<u>\$ 1,733,611</u>	<u>\$ 1,035,900</u>

(6) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

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

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through March 26, 2026, which is the date the financial statements were issued.

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



**PATCHMASTER™**

THE DRYWALL REPAIR SPECIALISTS

**PATCHMASTER FRANCHISE, LLC**

**FRANCHISE AGREEMENT**

**FRANCHISE AGREEMENT  
SUMMARY PAGE**

Agreement Effective Date: \_\_\_\_\_

Business Start Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

Franchisee(s): \_\_\_\_\_

Business Entity Type: \_\_\_\_\_

State of Formation: \_\_\_\_\_

Authorized Trade Name: \_\_\_\_\_

Franchised Business Office: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

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

Name	Home Address	Email Address	Ownership %

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

LSA	Population	Zip Codes
1		
2		
3		

Initial Franchise Fee: \$ \_\_\_\_\_

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

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

Start Date	Minimum Monthly Royalty Fee
___/___/___	\$400.00 per month per LSA
___/___/___	\$500.00 per month per LSA
___/___/___	\$600.00 per month per LSA

**Percentage-Based Royalty Fee**

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

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

**Brand Fund Contribution:**

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

**Transfer Fee:**

\$10,000

**RightTrack Startup Package:**

\$41,000

**Technology Fee:**

\$300 per month (subject to change)

**Local Advertising Expenditure:**

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

**Franchisor Address (for Notices):**

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

**Franchisor Address (Physical):**

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

**Additional Comments:**

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5. FRANCHISE DISCLOSURE QUESTIONNAIRE

## PATCHMASTER FRANCHISE, LLC FRANCHISE AGREEMENT

This Franchise Agreement (including all exhibits hereto, as amended, restated, supplemented, or otherwise modified from time to time, this “**Agreement**”) is entered into on the Effective Date by and between PatchMaster Franchise, LLC a Delaware limited liability company, having its principal place of business at 57 Main Street, Chester, New Jersey 07930 (“**we**” “**us**” and “**our**”), and the franchisee identified in the Summary Page (“**you**” and “**your**”).

### BACKGROUND:

WHEREAS, we have developed and will further develop distinctive and proprietary business systems, methods, designs, layouts, standards, and specifications, all of which we may improve, substitute, further develop, or otherwise modify from time to time (together, the “**System**”) identified by the name “**PATCHMASTER®**” and other trademarks, service marks, graphics, trade names, trade dress, slogans, and other commercial symbols as we may approve from time to time (“**Marks**”), to establish and operate a business offering drywall and other wall repair, paint, texture and related services to residential and commercial customers (“**PatchMaster Business**”);

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

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

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

### 1. GRANT AND SCOPE OF FRANCHISE

#### 1.1. Grant

We hereby grant to you, and you undertake and accept, upon the terms and conditions herein contained, a limited and non-exclusive license to operate one PatchMaster Business using the System and Marks on the terms described in this Agreement (your “**Franchised Business**”). You may not sublicense the use of the System or Marks to any person or delegate the operation or supervision of your Franchised Business, without our prior written approval.

#### 1.2. Licensed Service Area

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

**1.2.2.** You acknowledge and agree that it is integral to the franchise system that you respect the territorial restrictions contained in this Agreement, and that your failure to respect such

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

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

**1.2.4.** If you wish to modify your LSA(s), you must first submit a written request to us. You may not relocate your Franchised Business and/or modify your LSA(s) without our prior written approval. Our approval may be conditioned on several factors such as the location of the new LSA(s), your compliance with this Agreement, and other factors as we determine in our sole discretion. If we approve your request to modify your LSA(s), we may require you to: (a) pay us a territory change fee of up to \$1,000 per LSA, plus reimbursement of our administrative costs and expenses; (b) sign an amendment to this Agreement in the form we require, and (c) execute a general release of claims in a form prescribed by us, of any and all claims against us, any affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), except to the extent prohibited by the applicable law.

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

## **2. FEES**

### **2.1. Initial Franchise Fee**

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

## 2.2. Royalty Fee

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

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

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

## 2.3. Optional Programs

We may from time to time establish one or more optional programs for franchisees, which you may elect to participate in for an additional cost. If we establish any such programs, and you elect to participate, you must pay the associated fee as we require and comply with the terms and conditions for those programs. You may elect not to participate in these optional programs, provided that you understand that you will not be entitled to the benefits of such programs in such case. We may modify and/or discontinue any optional programs that we establish at any time, and/or establish new optional programs at any time during the Term. We may also establish franchisee qualifications and/or participation criteria for such optional programs from time to time, and/or elect not to provide you access to any such optional programs for any reason. You acknowledge that you have not entered into this Agreement in reliance on any such program.

## 2.4. Taxes

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

## **2.5. RightTrack Startup Package**

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

## **2.6. Incentive Programs**

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

## **2.7. Technology Fee**

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

## **2.8. Transfer Account and Payment Method**

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

## **2.9. Interest on Past Due Amounts**

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

## **2.10. Undisclosed Sales**

If you fail to report your Gross Revenue when due, then for each payment under this Agreement calculated based on Gross Revenue, we may debit the Transfer Account an amount equal to the average applicable payment from the last 6 months. If the amounts that we debit from the

Transfer Account are less than the amounts actually owed (once the Gross Revenue is accurately determined), we will debit the Transfer Account for the balance. If the amounts that we debit from the Transfer Account are greater than the amounts actually owed, we will credit the excess against the amounts we otherwise would debit from the Transfer Account on the next payment due date.

### **2.11. Application of Payments**

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

### **2.12. Non-Compliance Fee**

If you fail to comply with any of your obligations under this Agreement, in addition to our other remedies hereunder (including our right to terminate this Agreement for your default, reduce or revoke your LSAs, and/or apply interest to any late payment), you must pay us a non-compliance fee of \$50 per day for each day until the day after we notify you that you have cured all deficiencies and are compliance with the terms of the Franchise Agreement. The non-compliance fee is a reasonable estimate of our administrative costs associated with processing your default(s) in our system, and are in addition to, and not in lieu of, any and all other damages that we may suffer from your breach of this Agreement. Nothing herein will be deemed a waiver of our right to seek additional remedies, damages, and/or forms of relief of any kind.

## **3. TERM AND RENEWAL**

### **3.1. Initial Term**

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

### **3.2. Successor Term**

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

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

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

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

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

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

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

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

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

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

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

### **3.3. Holdover Period**

If you fail to enter into a successor franchise agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after its expiration then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; or (ii) continued on a month-to-month basis after the expiration of this Agreement (“**Holdover Period**”). In the latter case, all of your obligations under this Agreement shall remain in full force and effect during the Holdover Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination or expiration of the Holdover Period unless the Holdover Period comes to a close with the parties’ execution of a successor franchise agreement. If you enter into a successor franchise agreement after the date of expiration of this Agreement, in addition to the renewal fee, you must pay a late processing fee in the amount of \$500.00. If either party wishes to terminate the Holdover Period, then the Holdover Period will end 30 days after the notice of termination is received.

## **4. DEVELOPMENT OF FRANCHISED BUSINESS**

### **4.1. Franchised Business Office**

The street address or description of the premises of the location from which you will operate your Franchised Business (your “**Franchised Business Office**”) is described on the Summary Page. Your Franchised Business Office must be located within your LSA(s) unless you have our express written approval. If you choose to lease space for your Franchised Business Office, then you are solely responsible for obtaining occupancy rights to the Franchised Business Office, and for maintaining, insuring, and paying all associated costs for the Franchised Business Office. You must manage and administer your Franchised Business from the Franchised Business Office, including maintaining the books and records of your Franchised Business at the Franchised Business Office. We may from time to time establish System Standards for the Franchised Business Office, including

relating to size, safety, or insurance requirements, and you agree to comply with all System Standards. You may not relocate the Franchised Business Office without our prior written consent.

#### **4.2. Service Vehicles**

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

#### **4.3. Opening of Franchised Business**

We will provide you our System Standards for the service vehicle, service tools and equipment and other equipment and supplies necessary to establish and operate a PatchMaster Business. No later than the Business Start Date identified on the Summary Page, you must have: (a) obtained and provided us copies of all certifications, permits and licenses required to operate your Franchised Business, including those specified as mandatory in the Confidential Operations Manual; (b) established a Franchised Business Office with all required office equipment and broadband or high-speed internet service; (c) acquired a service vehicle meeting our System Standards, and have it wrapped and lettered it in accordance with our System Standards; (d) acquired the service tools, equipment, and initial inventory required for the operation of your Franchised Business; (e) furnished us with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as we may request; (f) hired and trained the personnel necessary or required for the operation of your Franchised Business; (g) completed the Training Program to our satisfaction; and (h) paid in full all amounts due to us. You may not commence operations until you have met all of the conditions above and our System Standards, and you receive notice from us that you are authorized to open.

### **5. INTELLECTUAL PROPERTY**

#### **5.1. Ownership**

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

## **5.2. Images of You and Your Business**

You and your Owners authorize and grant to us, our affiliates, successors, and assigns worldwide rights in perpetuity, to record your and your Owners' words, statements, opinions, likeness and image including in photo and video media in connection with operation of your Franchised Business (the "**Images**") to use and to license others to use the Images for any commercial and non-commercial purposes, including, use in advertising and promotional materials, graphics, logos or other collateral derived from the Images, news articles and press releases, training materials, instructional videos, and corporate presentations, internal communications and corporate use including employee handbooks, and in any other manner of media as we determine. You and your Owners agree to release us from any and all claims and liability for damages for libel, slander, invasion of privacy, right of publicity or any other claim based upon the use of the Images; and any blurring, distortion, or any other form of manipulation of the Images, whether intentional or otherwise. You and your Owners waive your right to determine the manner and form in which the Images are used or to inspect/approve the final product incorporating the Images. Furthermore, you and your Owners agree that we will have exclusive ownership of all right, interest and title in and to the Images including, without limitation, all copyrights therein.

## **5.3. Proprietary Software**

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

## **5.4. Limitations on Use**

You are permitted to use the Marks and the System solely to conduct the Franchised Business in compliance with this Agreement. You may not use any trademarks, service marks or commercial symbols other than the Marks to identify or operate your Franchised Business. You may not use any Mark or portion of any Mark as part of any Business Entity name, other than registration of the authorized Trade Name specified on the Summary Page. You may not use any Mark or the System in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by us. You must give such notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a PatchMaster Business. You may not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to us. You must identify yourself as the independent owner of your Franchised Business in connection with all of your dealings with customers, employees, and the public, and in accordance with any System Standards established by us.

## **5.5. Notification of Infringements and Claims**

You must immediately notify us of any apparent or threatened: (i) infringement of the Marks or any component of the System, (ii) challenge to your use of any of the Marks or any component of the System, and/or (iii) claim by any person of any rights in any of the Marks or any component of the System. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim; provided, you may communicate with your counsel at your expense. We have the right to take such action as we deem appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or

claim or otherwise relating to any of the Marks and/or the System. You must execute any and all instruments and documents, render such assistance, and do such acts and things as we determine are necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interest in the Marks and/or the System.

#### **5.6. Indemnification for Use of Marks**

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

#### **5.7. Changes to the Marks and System**

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

#### **5.8. Online Activities**

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

### **6. COVENANTS**

#### **6.1. Confidential Information**

**6.1.1.** In connection with your franchise under this Agreement, you and your Owners and personnel may from time to time be provided and/or have access to non-public information about the System and the operation of PatchMaster Businesses (the “**Confidential Information**”), including: (1) training programs and operations materials (including the Confidential Operations Manual); (2) the System Standards and methods and techniques for operating PatchMaster Businesses; (3) market

research and strategies, customer service techniques, and other practices for generating and maintaining customers; (4) specifications for, suppliers of, and methods of ordering, products and services; (5) any software, technology, or Online Presences which are proprietary to us or the System, including digital passwords and identifications and any source code of, and data and reports generated by the software or similar technology; (6) the operating results and financial performance of PatchMaster Businesses, including your Franchised Business; (7) customer and client lists, terms, job pricing and history, preferences, demographic information and related information; (8) any other data, materials, and/or information that is created by, stored in, and/or derived from your Technology Systems in connection with your Franchised Business; and (9) any other information designated as confidential or proprietary by us. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

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

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

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

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

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

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

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

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

## **6.2. Additional Developments**

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

## **6.3. Exclusive Relationship**

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

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

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

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

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

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

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

#### **6.4. Covenants of Other Individuals**

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

#### **6.5. Non-Interference**

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

#### **6.6. Non-Disparagement**

During and after the term of this Agreement, you and your Owners each agree not to, and to cause each of your respective your respective spouses, immediate family members, affiliates, and assigns not to, directly or indirectly: (i) disparage or otherwise speak or write negatively of us, our affiliates, any of our or our affiliates' directors, officers, employees, or representatives, the "PATCHMASTER®" brand, the System, any PatchMaster Business, any business using the Marks, or any other brand concept operated or franchised by us or our affiliates; and/or (ii) take any other action which would subject any of the foregoing to ridicule, scandal, reproach, scorn, disrepute, or indignity, or which would negatively impact or injure the goodwill of the System and/or the Marks.

### **7. TRAINING AND ASSISTANCE**

#### **7.1. Initial Training**

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

**7.1.2.** We will determine the identity and composition of the trainer(s) conducting all portions of the Training Program in our discretion. We will provide the Training Program at the times and locations we determine, which may include conducting any portion of the Training

Program virtually. We will also determine the length and content of the Training Program. We may vary the Training Program based on the experience and skill level of the individual(s) attending. Scheduling of the Training Program is based on your and our availability and the projected opening of your Franchised Business.

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

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

## **7.2. Personnel Training**

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

## **7.3. Additional Training**

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

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

**7.3.3.** We may require you and your Key Personnel and/or other personnel to attend various training courses, trade shows, ongoing education programs, and/or webinars at the times and locations designated by us, which may be offered by us or our affiliates, vendors, or other designees of ours. In addition to these training courses, programs, and events, we may additionally require you and/or any of your Key Personnel to attend periodic meetings of franchise owners or managers. These meetings will be held at our discretion and at the locations we designate, and we reserve the

right to charge meeting or conference fees for such events, regardless of attendance. If you fail to attend any annual/regional meetings held during the term of this Agreement, we have the right to require you to attend additional training, and charge our then-current training fee for such training, in addition to any other rights and remedies available to us for your breach of this provision.

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

#### **7.4. Training Fees and Expenses**

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

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

### **8. SYSTEM STANDARDS**

#### **8.1. System Standards**

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

Presences, or other technology systems, solutions, or products; and (xv) such other aspects of operating a PatchMaster Business that we determine to be necessary or prudent to preserve or enhance the System, the PATCHMASTER® brand, and the goodwill of the Marks and the System.

## **8.2. Confidential Operations Manual**

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

## **8.3. Modification to the System**

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

## **8.4. Variance**

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

# **9. ADVERTISING AND PROMOTIONAL ACTIVITIES**

## **9.1. Your Local Advertising**

**9.1.1.** You are solely responsible for conducting all local advertising for your Franchised Business. You must advertise and market your Franchised Business in any advertising medium we determine, using forms of advertisement we approve, including using a national telephone number authorized by us for all advertising and promotional purposes as we direct. You must also list your Franchised Business with the online directories and subscriptions we periodically prescribe, and/or establish any other Online Presence we require. You must comply with all of our System Standards for your advertising. All advertising materials that you use and any advertising activities that you

conduct must be factually accurate, conform to the highest standards of ethical advertising, and comply with all federal, state and local laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

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

**9.1.3.** We may require you to spend a minimum amount per month on advertising, promotions, and public relations for your Franchised Business in your LSA(s) (“**Local Advertising Expenditure**”). We will determine what type of expenditures will count towards your Local Advertising Expenditure. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of employees administering the campaigns, will not be counted towards your Local Advertising Expenditure. Additionally, any costs you incur for advertising conducted at the Franchised Business Office and/or on service vehicle(s), such as vehicle wraps, will not be counted towards your Local Advertising Expenditure. On our request, you agree to send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding months. The amount of the Local Advertising Expenditure as of the Effective Date is specified on the Summary Page. We may modify the amount of the Local Advertising Expenditure at any time and from time to time up to \$2,000 per LSA for the entire Term.

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

## **9.2. Brand Fund**

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

**9.2.2.** We will have exclusive control over all programs and services administered by the Brand Fund, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. We do not guarantee that any particular franchisee will benefit directly from expenditures by the Brand Fund, or that any such expenditures will be in proportion to any franchisee’s contributions. The program(s) may be local, regional or national in scope. We do not guarantee the results of any Brand Fund programs, services, or expenditures in any

manner. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining any Online Presences, software, applications or other technology solutions; administering advertising, marketing, and promotional campaigns and programs; using public relations and marketing agencies and other advisors to provide assistance; conducting customer surveys and programs; developing market research and other marketing strategy or implementation activities; and/or any other expenditures that are directly or indirectly related to promoting the Marks, the System, the PATCHMASTER® brand, and/or PatchMaster Businesses. We may also use the Brand Fund to pay for the Brand Fund's other administrative and overhead costs, including the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, and any other expenses that we or our affiliates incur that are related to administering or directing the Brand Fund and its programs. We may modify Brand Fund programs, services, or expenditures at any time in our sole discretion.

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

**9.2.4.** We may at any time, on 30 days' prior written notice to you, reduce or suspend Brand Fund Contributions and/or operations of the Brand Fund for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund and associated Brand Fund Contributions. If we terminate the Brand Fund, we will first pay all outstanding invoices and debts incurred by the Brand Fund, and then we will return the remaining balance to franchisees in proportion to their Brand Fund Contributions in the 12 months prior to such termination.

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

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

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

### **9.3. Franchise System Websites and Data**

We may establish, acquire, or host any Online Presence to advertise, market, and promote PatchMaster Businesses and/or the PATCHMASTER® brand, the products and services that they offer and sell, and/or a franchise opportunity (a "**Franchise System Website**"). We may (but are not required to) provide information on any Franchise System Website about your Franchised Business. You must provide us with the information and materials we request to develop, update, and modify the description of your Franchised Business on any Franchise System Website. You must notify us whenever any information on any Franchise System Website is not accurate. We will own all intellectual property and other rights in all Franchise System Websites, including as it relates to your

Franchised Business, and all data, content, information and materials derived from any Franchise System Websites (including account information and preferences, login credentials, analytic data and reports, user submitted content and data, and all messages and other information or materials directed to or from messaging platforms associated with any Franchise System Website). We have the unrestricted right to access and use all Franchise System Websites and all information derived from such Franchise System Websites without limitation, including the right to download, read, store, copy, delete, modify, and/or host it, in any manner of our choosing. We may temporarily or permanently remove references to your Franchised Business from any or all Franchise System Websites if you or your Owners or affiliates are in default of any obligation under this Agreement or our System Standards, and/or upon the expiration or termination of this Agreement. We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards. You acknowledge and agree that we will have unrestricted access to and sole ownership of all such email accounts, and all document, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users' access to it at any time.

#### **9.4. Contact Information**

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

### **10. RECORDS, REPORTING, AND TECHNOLOGY SYSTEMS**

#### **10.1. Books and Records**

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

#### **10.2. Financial Statements and Reports**

You also agree to deliver us in the manner and format that we prescribe from time to time: (i) no later than the date that the Royalty Fee is due each month, a signed and verified statement of

Gross Revenue for the preceding month; (ii) within 12 days after the end of each calendar month, a balance sheet as of the preceding month-end and income statement for the preceding month and year-to-date; (iii) within 90 days after the end of each calendar year, a balance sheet as of the preceding year-end and income statement for the preceding year; (iv) within the time limits specified by us from time to time, such other periodic operating statements, financial statements, tax returns, and other information we request regarding you and your Franchised Business. We may establish System Standards for all reports and financial statements, which may include requiring that financial statements be prepared in accordance with a chart of accounts we designate, that such financial statements be reviewed or audited by a certified public accountant, and/or that such financial statements be generated using software, applications, and/or integrations we specify. We have the right to disclose any financial and operational information relating to your Franchised Business to third parties at our discretion, including current or prospective lenders, investors, and other business partners. We may periodically change the intervals or due dates for reports described above, provided we provide you with no less than 30 days' notice prior to any such change.

### **10.3. Technology Systems**

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

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

**10.3.3.** You are solely responsible for establishing and maintaining the connectivity, security, and reliability of the Technology Systems, including protecting it against computer viruses, bugs, power and internet disruptions, downtime and outages, data-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

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

## **10.4. Information Security.**

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

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

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

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

## **10.5. Right to Audit**

We or our designee have the right, with or without notice, to examine, copy and audit your books and records, accounting reports, client records and invoices, job reports, tax returns, and other business records and information. We also may demand access to books and records of any business operated by any of your Owners, General Manager(s), and/or any affiliate of the foregoing, to the

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

## **11. OPERATION OF YOUR FRANCHISED BUSINESS**

### **11.1. Authorized Products, Services and Suppliers**

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

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

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

**11.1.4.** If you wish to use any products, services, or suppliers that we have not approved (for products and services that require our approval), you must first send us sufficient information,

specifications and samples for us to determine whether the service, product, or supplier complies with our System Standards. We are not required to consider alternative suppliers and we may refuse to consider such requests for any reason. You must bear all expenses incurred by us in connection with determining whether we will approve an item, service or supplier. Approval of a supplier may be conditioned on the supplier's ability to provide a sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section will be construed to require us to approve any particular supplier, or to require us to make available to prospective suppliers, standards and specifications that we deem confidential. We have the right to review from time to time our approval of any products, services, or suppliers. We may revoke our approval of any products, services, or suppliers at any time. You must promptly cease using, selling or providing any products, services, or suppliers disapproved by us.

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

## **11.2. Condition of your Franchised Business**

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

## **11.3. Management**

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

## **11.4. Your Personnel**

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Franchised Business. You agree that any employee, agent, or independent contractor that you hire will be your employee, agent, or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your personnel, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to

manage the employment functions of your Franchised Business in compliance with federal, state, and local employment laws.

### **11.5. Compliance with Applicable Laws**

**11.5.1.** You shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of your Franchised Business, including all zoning and local permits necessary to operate your Franchised Business from the Franchised Business Office, and shall operate your Franchised Business in full compliance with all applicable laws, ordinances, and regulations. We make no representation to you with regard to any legal requirements that you must satisfy or comply with in connection with the operation of your Franchised Business. You shall be solely responsible for investigating and complying with all such laws, ordinances, and regulations with regard to the operation of your Franchised Business.

**11.5.2.** You represent and warrant to us that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been: (1) listed on the U.S. Treasury Department's List of Specially Designated Nationals, the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, the U.S. State Department's Debarred List or Nonproliferation Sanctions, or the Annex to U.S. Executive Order 13224; or (2) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism. You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all employees, agents, representatives, and any other person or entity associated with you not to, during the term of this Agreement, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

### **11.6. Notification of Proceedings and Breaches**

You must notify us not more than 5 days after the commencement of any action, suit or proceeding involving you or your Franchised Business, or the issuance of any order, writ, injunction, judgment, award, or decree which may affect the operation or financial condition of your Franchised Business. You must deliver to us within 2 days of receipt a copy of any and all notices you receive from any person, Business Entity or governmental authority claiming that you, your representatives, or your Franchised Business has violated any laws, regulations, permits, licenses, agreements or other committed any other breach, default or violation in connection with your Franchised Business, and/or that any audit, investigation, or similar proceeding by any such person or governmental authority is pending or threatened against you on the basis of any of any the foregoing, including any default notices from any landlord or supplier, any violation notices from a health or safety regulatory board, and any customer complaints alleging violations or law, or which may otherwise adversely affect your operation or financial condition or that of your Franchised Business.

### **11.7. Compliance with Good Business Practices**

You acknowledge that the quality of customer service and the demeanor of you and your employees is material to this Agreement and the relationship created and hereby. Therefore, you agree to give prompt, courteous, and efficient service to customers of your Franchised Business and to cause your Franchised Business to adhere to the highest standards of honesty, fair dealing and ethical conduct in all dealings with its customers, vendors and the general public. We have the right to intervene and satisfy any customer that we determine was not properly addressed by you,

including by refunding the customer for any amounts we deem appropriate, and you must reimburse us for such refunded amounts or other remedies we offer any customer.

### **11.8. Call Center Program**

If we require, you will participate in the call center program, as it exists from time to time, which may include using and publishing a telephone number we designate, receiving calls from a call center established and operated by us, engaging a designated service provider (which may be us, our affiliate, or a third party) to answer calls, set customer appointments, and provide other related services, and acquiring, installing, and using related technology, and using designated service providers. You must pay all fees imposed by the service provider for these services and enter into any related user or service agreements. At any time that a call center program is not implemented, you must arrange for the answering of all incoming phone calls during regular business hours. In addition to our other remedies under this Agreement, if you fail to comply with this requirement on two or more occasions, then we may require you to engage the services of a professional call center services provider approved in advance by us, at your expense.

### **11.9. Minimum Performance Criteria**

You agree to use your best efforts to promote and increase the sales and recognition of services offered through your Franchised Business. There are no minimum performance criteria during the first 2 years of operations of your Franchised Business. Beginning in the 3<sup>rd</sup> year of operation, your Franchised Business must annually achieve a minimum of \$100,000 in Gross Revenue. If you fail to achieve the foregoing minimum Gross Revenue in any year in any LSA, we reserve the right to either reduce the size of your LSA(s) or to terminate this Agreement. If you have for any reason acquired multiple LSAs under this Agreement, you must achieve the minimum Gross Revenue specified in this Section in each LSA. With no less than 30 days prior notice, we may increase the amount of the minimum average annual Gross Revenue in an amount not to exceed the aggregate rate of inflation established by the U.S. Bureau of Labor's Consumer Price Index since the Effective Date, or such later date as we last adjusted the minimum average annual Gross Revenue.

### **11.10. National Account Clients**

We or our affiliates may periodically enter into agreements with clients that require service (the "**National Account Clients**"). We may, at our election, provide these services ourselves or through our affiliates or designees, and/or may subcontract servicing rights to one or more third parties or franchisees, in our discretion. If you are eligible to service these National Account Clients and are interested in doing so, you may be required to sign one or more National Account Service Agreements identifying the conditions under which products and services will be provided. We may establish criteria or qualifications for franchisees that wish to service National Accounts Clients, including different service standards, requirements for accepting or declining jobs, insurance requirements, or other conditions we establish. If we offer you the right to provide services to a National Account Client, you must provide the services in accordance with all of our System Standards, plus the terms, fees, and conditions that we have negotiated with the National Account Client. We may invoice the National Account Client and collect payment directly. We may also charge our then-current fees for participation in the program, including dispatch, management, declined job fees, or other processing or administrative fees. We will establish each such fee based on our costs, though they will be subject to change by up to 30% per year on a compounding basis after they are established. In such cases, we will deduct from the payment any applicable fees and any amounts calculated under this Agreement on the basis of such Gross Revenue, and remit to you the balance within a reasonable time following receipt. We may set-off any amount that we owe you

for any National Account job against any amount you or your affiliates owe us and our affiliates under this Agreement or any other agreement.

### **11.11. Pricing**

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

### **11.12. Periodic Visits and Inspections**

We or our designees may make periodic visits, which may be announced or unannounced, to your Franchised Business and/or any job site for services conducted by your Franchised Business. However, if your Franchised Business Office is located in your residence, we will provide notice prior to entering and inspecting the Franchised Business Office. We may observe, photograph, and record (audio and video) and otherwise monitor your Franchised Business operations, remove samples, inspect your Technology Systems, speak with your customers or personnel, and/or conduct customer surveys or other market research and testing. You consent to all photos and video and audio recordings and agree to cooperate with us and our designees fully during all periodic visits and inspections. You agree to obtain all third-party consents required under applicable laws to permit photos and video and audio recordings. If we determine after any inspection that one or more failures of System Standards exist, or any circumstance exists that prevent us or our designees from properly inspecting your Franchised Business or any job site, we may re-inspect one or more times thereafter to evaluate whether such failures have been cured and/or conduct any other follow-up review that we deem is necessary, and you will reimburse all of our and our designees' costs associated with the failed inspection and/or such re-inspections and follow-up visits, including supplier fees, travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

### **11.13. Insurance Coverage**

**11.13.1.** During the term of this Agreement, you must maintain in force at your sole expense the minimum types and amounts of insurance that we require as part of our System Standards. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated supplier and on the terms and according to the specifications we approve. We reserve the right to require increased coverage if you wish to service National Accounts Clients. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with your Franchised Business' operation or activities of you and your personnel. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher.

**11.13.2.** Each insurance policy for liability coverage must name us and any affiliates we designate as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must routinely furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including termination, we may (but are not required to) obtain such insurance for you and your Franchised Business on your behalf, in which event you agree to cooperate with us and reimburse us

on demand for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee.

**11.13.3.** Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Franchised Business' operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Franchised Business that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

#### **11.14. Service Warranties**

**11.14.1.** You acknowledge and agree that certain products and services your Franchised Business provides to customers may be subject to one or more customer warranties, guarantees, commitments and/or similar customer service programs, including those offered by you and your affiliates and/or third-party service providers and manufacturers that offer products and services used by your Franchised Business (collectively, "**Service Warranties**"). During and after the term of this Agreement, you agree to honor all Service Warranties made to customers of your Franchised Business, including using your best efforts to assist customers of your Franchised Business tendering claims to any third-party serviced providers and manufacturers. You must obtain our approval of all Service Warranties before you offer them to customers of your Franchised Business. We may establish System Standards for any such Serviced Warranties from time to time. Notwithstanding any System Standards, approvals, or support we provide relating to Service Warranties, you acknowledge and agree that all Service Warranties offered by your Franchised Business are strictly your obligation and responsibility, and are not offered or guaranteed in any manner by us or our affiliates.

**11.14.2.** If you fail to honor any Service Warranties to your customers, you agree that we have the right to take any action we deem appropriate to honor such Service Warranties on your behalf, including by providing any services or products or support ourselves, or through our designees, affiliates, representatives, or other franchisees, and you hereby agree to reimburse us any and all costs incurred by us, our designees, affiliates, representatives, or other franchisees. We have the right to require you to pay us a reasonable deposit or hold-back, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business. This amount would be refunded to you after expiration or termination of all Service Warranties offered by your Franchised Business, less any deductions arising if we have to honor any such Service Warranties on your behalf.

#### **11.15. Subcontractor**

Notwithstanding anything to the contrary, you agree that you must obtain our prior written approval of any subcontractor that will be used to provide services of any kind for your Franchised Business. In addition, if you engage any subcontractor to perform other services for customers of the Franchised Business, such subcontractor must be covered by your insurance or must have the types of insurance and amount of coverage as set forth in the Confidential Operations Manuals for all services performed. Such insurance policy must name you, your Owners, us and any affiliates we designate as additional named insureds under the policy. You shall obtain from each subcontractor a certified copy of the certificate of insurance evidencing such coverage prior to the date the subcontractors performs any services. You will also be fully liable for the actions, omissions, and performance of any and all subcontractors and their personnel. Your obligations under Section 16.2 will apply to any damages, fines, costs, expenses or liability arising from the actions, omissions or operations of your subcontractors.

## 12. DEFAULT AND TERMINATION

### 12.1. Automatic Termination

This Agreement will terminate automatically, without notice, if you become insolvent (meaning unable to pay bills in the ordinary course of business as they become due); if a receiver of your property or any part thereof is appointed by a court; if you make a general assignment for the benefit of your creditors; if a final judgment against you remains unsatisfied of record for 30 days or longer (unless *supersedeas* bond is filed); if execution is levied against your Franchised Business or property; or if a suit to foreclose any lien or mortgage against the Franchised Business Office or service vehicle(s) is instituted against you and not dismissed within 30 days or is not in the process of being dismissed.

### 12.2. Termination by Franchisor

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

- (a) You fail to obtain our approval and commence operations of your Franchised Business by the Business Start Date on the Summary Page;
- (b) Your Key Personnel fail to complete the Training Program to our satisfaction;
- (c) You fail to maintain all required professional licenses, permits and certifications and do not cure such failure within 5 days;
- (d) You or your Owners make any material misrepresentation or omission in your application for the franchise granted hereby, or otherwise to us in the course of entering into this Agreement;
- (e) You or your Owners are convicted of or plead no contest to a felony or other crime or offense that is likely to adversely affect our reputation, you, or the operation of your Franchised Business;
- (f) You or your Owners or affiliates engage in any activities, behavior or conduct that are prohibited under the covenants contained in Section 6;
- (g) You abandon, fail or refuse to actively operate your Franchised Business for 5 or more consecutive days (unless approved by us in advance);
- (h) You or your Owners conduct or attempt to conduct any transfer in violation of Section 14 without our prior approval;
- (i) Your Franchised Business is at any time not under the full-time management and supervision of you and your Owners or a General Manager we have approved;
- (j) You submit to us on two or more separate occasions at any time during the term of this Agreement any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to us by more than 3% for any accounting period;
- (k) You misuse or make an unauthorized use of any of the Marks or System, or commit any other act which can reasonably be expected to impair the goodwill associated with any of the Marks or System;
- (l) You fail to comply with any term of this Agreement two or more separate occasions within any period of 12 consecutive months, whether or not cured;

(m) You violate any health or safety law, ordinance or regulation, or operate your Franchised Business in a manner that presents an immediate health or safety hazard to your customers, employees, or the public, and do not begin to cure such violation or hazard immediately, and correct such violation or hazard within 72 hours;

(n) You or any of your Owners or affiliates fail to pay any other third-party, including any landlord, supplier, lender or creditor, any other amounts owed in connection with your Franchised Business when due, and/or breach any other material obligation to such third-party, and do not cure such failure within any applicable cure period granted by such third-party, if any;

(o) You or your Owners or affiliates default under any other agreement between us or any of our affiliates and you or any of your Owners or affiliates, such that we or our affiliate, as the case may be, have the right to terminate such agreement or such agreement automatically terminates;

(p) You fail to comply with any applicable law or regulation, and fail to cure such failure within 10 days after delivery of written notice;

(q) You fail to pay any amounts due under this Agreement or fail to submit any reports due, and fail to cure such defaults within 15 days after notice default from us;

(r) You take any action that violates the territorial limitations in Section 1.2 of this Agreement;

(s) You have received more than two notices from us that you or your Owners or General Manager have acted unprofessionally or abusively towards us or our representatives, other franchisees, and/or customers, as determined in our reasonable discretion, whether in connection with your Franchised Business under this Agreement and/or any prior or subsequent franchise agreements with us or our affiliates;

(t) You fail to take any of the following actions and fail to cure such default within 15 days after delivery of written notice default: (i) use required phone numbers or services vehicles, (ii) allow us or our representatives to inspect your Franchised Business, (iii) use and maintain the required Technology Systems in accordance with our System Standards, (iv) procure or maintain the insurance as specified in Section 11.12, and/or (vi) comply with your indemnification obligations as specified in Section 16.2;

(u) You fail to attend the first franchisee meeting offered during the Term, as specified in Section 7.3.3 (as determined by us), without our prior approval;

(v) You breach any other provision of this Agreement, and fail to cure such default within 30 days after delivery of written notice of default.

### **12.3. Termination by Franchisee**

If you are in full compliance with all of the terms of this Agreement and we materially breach this Agreement and fail to cure such breach within 60 days after receiving written notice of the claimed breach, you may elect to terminate this Agreement unless the breach cannot reasonably be cured within such 60 days. If the breach cannot reasonably be cured in such 60 days, you may elect to terminate this Agreement only if we do not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish you reasonable proof of such efforts.

## **12.4. Additional Remedies**

At any time that you are in default of any obligation under this Agreement, until such time as you correct the default, in addition to all other rights under this Agreement, we have the right to: (i) terminate or suspend your right to participate in any programs or benefits associated with the System, including the right to provide services to National Accounts Clients; (ii) cease selling or supplying any products or services to you for which we are an Approved Supplier, or require you to post a bond, deposit, or pay for such products in advance of processing any such order; and/or (iii) deactivate, suspend, reduce, or terminate your and/or your personnel's access to any or all technology products, services, benefits, or support.

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

### **13.1. Actions to be Taken**

Upon termination or expiration, this Agreement and all rights granted hereunder to you shall terminate and you shall immediately, at your own expense:

(a) Cease to operate your Franchised Business and cease all use of the Marks and the System, unless we instruct you otherwise in connection with our exercise of our option to purchase your Franchised Business under Section 13.3;

(b) Remove all materials bearing the Marks from all equipment, service vehicles, and any and all other supplies and equipment, and take all other actions we designate to avoid association between you and your assets and us, the "PATCHMASTER®" brand and System, unless we instruct you otherwise in connection with our exercise of our option to purchase your Franchised Business under Section 13.3;

(c) Cease to represent to the public or hold yourself out as a present or former franchisee of ours, and take all action as may be necessary to cancel or assign to us, at our option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "PATCHMASTER®" or any other Mark;

(d) Return to us or destroy, as we direct, the Confidential Operations Manual and all other Confidential Information, including records, files, brochures, agreements, customer lists and data, and any and all other materials provided by us to you relating to the operation of your Franchised Business;

(e) Cease using and, at our direction, either assign to us or deactivate any Contact Information and/or Online Presence that you used to operate your Franchised Business and/or that displays any of the Marks, in each case as we designate;

(f) Discontinue the use of all proprietary software, and continue to refrain from using any iteration of the proprietary software and/or data derived therefrom;

(g) Pay us a reasonable a deposit or hold-back, post a bond, or offer another form of financial assurance to us to support any Service Warranties offered by your Franchised Business prior to termination or expiration, which we may retain and preserve until such time as the Service Warranties are satisfied or have expired, as we determine; and

(h) Comply with all other System Standards we establish (and all applicable laws) in connection with the closure and de-identification of your Franchised Business, including as it relates to disposing of personally identifiable and other protected classes of information and data, in any form, in your possession or the possession of any of your employees.

If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies. You hereby appoint us your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to affect the foregoing purposes.

### **13.2. Final Payments**

**13.2.1.** Within 5 days following expiration or termination of this Agreement, you must pay us a final payment in an amount equal to any Royalty Fees, Brand Fund Contributions, or other fees accrued and unpaid as of the date of expiration or termination.

**13.2.2.** If you terminate this Agreement in any manner other than Section 12.3, or if we terminate this Agreement due to your default, the parties acknowledge and agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue we otherwise would have otherwise derived through the remainder of the term of this Agreement. Therefore, you and we hereby agree that a reasonable estimation of such damages, less any cost savings we might have experienced, is an amount equal to the net present value of the Royalty Fees and Brand Fund Contributions that would have become due had this Agreement not been terminated, from the date of termination until the earlier of: (a) 3 years following the date of termination; or (b) the scheduled expiration of the term of this Agreement. For the purposes of this Section, Royalty Fees and Brand Fund Contributions will be calculated based on your average monthly Gross Revenue during the 12 full calendar months immediately preceding the last day of regular operations of your Franchised Business; provided, that if your Franchised Business was not operating for a full 12 months as of such date, such calculations will be based on the average monthly Gross Revenue of all PatchMaster Businesses during our fiscal year immediately preceding the termination date. You must pay us the foregoing amounts within 15 business days of termination of this Agreement. You and we agree that the calculation described in this Section is a calculation only of the lost revenue to us from Royalty Fees and Brand Fund Contributions based on the early termination, and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

### **13.3. Our Option to Purchase Certain Business Assets**

We have the right but not the obligation, for 30 days after termination or expiration of this Agreement, to purchase any or all assets of your Franchised Business including service vehicles, service tools and equipment, supplies and other inventory. The purchase price for the assets will be equal to their depreciated book value, excluding any value attributable to the Marks, the System, and/or participation in our franchise system. If we and you cannot agree on fair market value, fair market value will be determined by an independent accredited appraiser we appoint, which appraiser will be bound by the criteria for the purchase price described herein, and you and we will share equally the cost of such appraiser. If we elect to exercise our option to purchase any or all assets of your Franchised Business, we have the right to set off all amounts due from you or your affiliates to us or our affiliates, if any, against the purchase price. If we purchase any or all assets of your Franchised Business, we are entitled to all customary warranties and representations, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. We have the unrestricted right to assign our option to purchase.

## **13.4. Interim Operations**

**13.4.1.** We have the right, but not the obligation, to operate your Franchised Business on an interim basis, or to appoint a third party to operate your Franchised Business on an interim basis: (1) if you abandon or fail actively to operate your Franchised Business for a period of more than 5 consecutive days; (2) at any time after the death or incapacity of you (if you are conducting business as an individual) or any of your Owners (if you are conducting business as an Entity), if your Franchised Business is at any time not being managed properly, as required by Section 14.2.6; or (3) if this Agreement expires or is terminated and we are transitioning your Franchised Business operations to us or another person we designate, or determining whether to do so.

**13.4.2.** If we elect to operate your Franchised Business on any interim basis, you must cooperate with us and our designees, continue to support the operations of your Franchised Business, and comply with all of our instructions and System Standards, including making available any and all books, records, and accounts. You understand and acknowledge that during any such interim period, you are still the owner of your Franchised Business, and you continue to bear sole liability for any and all accounts payable, obligations, and/or contracts, and all obligations to your vendors, employees, and contractors, and any and all sales tax, income tax, and other taxes and charges arising from the Gross Revenue of your Franchised Business, in each case unless and until we expressly assume them in connection with the purchase of your Franchised Business under Section 13.3.

**13.4.3.** If we or our designee operate your Franchised Business on an interim basis, you acknowledge that we or our designee will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services purchased while we or our designee manage it. You understand that we are not required to use your employees, vendors, or contractors to operate your Franchised Business. You also agree that we may elect to cease such interim operations of your Franchised Business at any time with notice to you.

**13.4.4.** During any time period that we elect to operate your Franchised Business on any interim basis, we will collect the Gross Revenue in an account we designate, which may be your business account and/or the business account of us or one of our affiliates or designees. We will account for and deduct from such Gross Revenue all operating expenses of your Franchised Business, including: (a) any applicable Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates, and (b) any and all of our and our affiliates' and our designees' costs and expenses arising from such interim operations, which you hereby agree that you will reimburse in full as an operating expense of your Franchised Business. Any and all Gross Revenue that exceeds the expenses of your Franchised Business during the period of interim operations, as we determine and calculate, will be retained by us in full and will become our property, as consideration for the interim operations that we are providing. If the Gross Revenue derived from operations of your Franchised Business is less than the amount of the associated expenses during the time of any interim operations, you are solely directly responsible for the balance of all such expenses and costs, including reimbursement of our and our affiliates' and designee's costs and expenses, and payment of any Royalty, Brand Fund Contributions, and other amounts due to us or our affiliates. We may collect any amounts owed to us, our affiliates, or designees directly from any collected Gross Revenue, and/or pay over such amounts to us to us, our affiliates, or designees in any manner.

**13.4.5.** Our decision to operate your Franchised Business on an interim basis will not affect our right to terminate this Agreement under Section 12.2. Your indemnification obligations set forth under Section 16.2 will continue to apply during any period that we or our designee operate your Franchised Business on an interim basis.

### **13.5. Survival of Certain Provisions**

All obligations under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire, including the following provisions, which the parties agree will survive termination or expiration hereof, without limiting the generality of the foregoing: Section 5.1 (Intellectual Property), Section 5.2 (Images of you and Your Business), Section 5.3 (Proprietary Software), Section 6 (Covenants), Section 10.4 (Information Security), Section 11.14 (Service Warranties), Section 13 (Rights and Duties Upon Expiration or Termination), Section 16 (Relationship and Indemnification), Section 17 (General Conditions and Provisions), and Section 18 (Dispute Resolution).

## **14. TRANSFERABILITY OF INTEREST**

### **14.1. Transfer by Franchisor**

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by us and such rights will inure to the benefit of any person to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee shall assume our obligations hereunder and we will thereafter have no liability for the performance of any obligations contained in this Agreement. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations; provided, that such delegation will not relieve our obligations under this Agreement.

### **14.2. Transfer by Franchisee**

**14.2.1.** Your rights and duties as set forth in this Agreement, and the franchise herein granted, are personal to you (or your Owners), and we have entered into this Agreement in reliance upon your (and your Owners) personal or collective skills, experience, character, aptitude, and financial ability. Accordingly, without our prior written approval, neither you nor any Owner may, voluntarily or involuntarily, directly or indirectly, sell, assign, convey, gift, give away, pledge, mortgage, sublicense, or otherwise transfer or encumber, whether by operation of law or otherwise: (a) this Agreement or any interest in this Agreement, (b) the franchise granted hereby, (c) all or substantially all of the assets of your Franchised Business, or (d) any direct or indirect ownership interest in you, your franchise rights under this Agreement, or your Franchised Business, including any right to share in the governance or profits thereof, and/or the management and/or control thereof. A transfer of your Franchised Business' ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement.

**14.2.2.** We will review each transfer in our sole discretion, and may condition our approval on any factors we determine, including that:

- (a) All obligations owed by you or your affiliates to us and our affiliates, and all other outstanding obligations relating to your Franchised Business, are fully paid and satisfied;
- (b) You and your Owners have materially complied with this Agreement during the term hereof, and you and your Owners are not at the time you request consent for the transfer (or at any time between the date of such request and the time of the transfer) in violation of any term of this Agreement;

(c) You and your Owners, and the prospective transferee and its owners, each sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including a general release of any and all claims (except for claims which cannot be released or waived pursuant to an applicable law) against us and our affiliates;

(d) You comply with our then-current transfer procedures, including that we may request you to submit an application in writing, and/or that the prospective transferee and its owners satisfy certain application and certification requirements;

(e) We determine that the prospective transferee, its owners, and representatives (including, its designated manager, if applicable) satisfy our criteria for new franchisees, including that we have approved any premises that will be used by the prospective transferee to operate your Franchised Business;

(f) We determine that the terms of the transfer are not detrimental or unfavorable to your Franchised Business or our rights, including that the terms of any financing will not adversely affect the operation of your Franchised Business, and/or that any obligations between the buyer and seller being subordinate to the franchise obligations owed to us or our affiliates;

(g) The prospective transferee expressly assumes in writing, in a form we approve, any and all outstanding Service Warranties for your Franchised Business;

(h) The prospective transferee and its owners execute the form of franchise agreement associated agreements, instruments, and documents then being required for new franchisees and owners, as applicable, which may be substantially different from this Agreement, and may include a different Royalty Fee, Brand Fund Contribution rates and other material provisions; provided, the initial term of such franchise agreement shall be the remaining term of this Agreement, and all renewal terms shall be governed by any remaining renewal terms hereunder, and the LSA(s) shall be the same as the LSA(s) granted pursuant to this Agreement;

(i) You, or the prospective transferee, pay us a transfer fee in the amount stated in the Summary Page, however, the fee will be waived if the transferee is an existing franchisee, though you or the transferee will remain responsible for our out-of-pocket costs;

(j) The prospective transferee and its key personnel complete, to our satisfaction, our then-current initial training program; and

(k) You provide us the evidence we reasonably request to show that appropriate measures have been taken to effect the transfer as it relates to the operation of your Franchised Business, including by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

**14.2.3.** We may review all information regarding your Franchised Business that you give the prospective transferee, correct or supplement any information that we believe is inaccurate or incomplete, and give the prospective transferee copies of any reports regarding your Franchised Business. Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the prospective transferee, a guarantee of your Franchised Business' or prospective transferee's prospects of success, or a waiver of any claims we have against you or your Owners, or of our right to demand the prospective transferee's full compliance with this Agreement.

**14.2.4.** Notwithstanding anything to the contrary, if you enter into this Agreement as an individual, if you and your Owners are in full compliance with this Agreement, you may transfer this Agreement to an Business Entity in which you maintain management control, and of which you own and control 100% of all outstanding ownership, beneficial, and voting interests; provided, that (i) that Business Entity will own all of your Franchised Business' assets, and will conduct all of your Franchised Business' business, (ii) that Business Entity will conduct no business other than your Franchised Business, (iii) that Business Entity must expressly assume all of your obligations under this Agreement and all Service Warranties, (iv) you provide us with all organizational documents for the Business Entity that we require, and (v) you reimburse us for any direct costs we incur in processing such transfer, including attorneys' fees. You agree to remain personally liable under this Agreement as if the transfer to the Business Entity did not occur, including by signing a personal guaranty of the obligations of such Business Entity. You must also sign transfer documents satisfactory to us to document the transfer, which may include a release of any and all claims by you and your affiliates (except for claims which cannot be released or waived pursuant to an applicable franchise law statute) against us and our affiliates.

**14.2.5.** You may not use the Marks to advertise or solicit offers for any prospective transfer that would require our consent under this Section 14.2, including that you may not list any interests or assets the transfer of which would require our consent under this Section 14.2 for sale with any broker, listing agent, or listing directory without our approval.

**14.2.6.** Upon the death or incapacity of you (if you are an individual) or any Owner (if you are a Business Entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in your Franchised Business or in you to a third party approved by us pursuant to the terms of this Agreement. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by applicable law. During such 180-day period, your Franchised Business must remain at all times under the primary management of a General Manager who we have approved. For the purposes of this Agreement, "incapacity" means the inability of such person to fulfill their obligations under this Agreement, as applicable, including by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation.

### **14.3. Right of First Refusal**

**14.3.1.** If you, or any of your Owners, proposes to conduct any transfer that would require our consent under Section 14.2, you agree to obtain and deliver to us a bona fide, executed written offer or proposal from the prospective transferee, along with all pertinent documents including any contract or due diligence materials. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of you or any of your owners. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price.

**14.3.2.** We will have a right of first refusal, exercisable by written notice to you, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer; provided, that: (a) we notify you within 30 days after we receive a copy of the offer and all other documents and information we have requested that we are electing to exercise our right of first refusal hereunder; (b) we may substitute cash for the fair market value of any form of payment proposed in such offer; (c) our credit shall be deemed at least equal to the credit of any proposed buyer; (d) we receive from you all customary representations and warranties from the seller of the assets or such interests, including relating to title, ownership, condition, encumbrances, liabilities,

and authority. After exercising this right of first refusal, we will have up to 60 days to close the purchase. We have the unrestricted right to assign any or all of this right of first refusal.

**14.3.3.** If we do not exercise our right of first refusal on the terms above, the offer or proposal may be accepted by you or any of your Owners, subject to our prior written approval as required under Section 14.2. Should the sale fail to close the transaction within 120 days after the offer is delivered to us, or if there is a material change to the terms of the sale (which you agree to notify us of promptly), we will have an additional right of first refusal under this Section.

## **15. OWNERS OF FRANCHISEE**

### **15.1. Your Ownership Information**

You represent and warrant to us that the information on Exhibit 2 is an accurate and complete description of: (a) each person who signs this Agreement as franchisee, if you are the sole proprietorship; or (b) each person who holds a direct or indirect ownership, voting, or beneficial interest in you, if you are a Business Entity (each an “**Owner**”).

### **15.2. Your Business Entity**

If you enter this Agreement as a corporation, limited liability company, limited partnership or other legal entity or organization (each a “**Business Entity**”), you represent and warrant to us that you are validly existing and in good standing under the laws of the state of your incorporation or formation, and have the authority to execute this Agreement, and perform your obligations under this Agreement. You agree to maintain organizational documents at all times that state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement’s restrictions. You agree that your Franchised Business will be the only business that such Business Entity operates unless we approve you to acquire and operate additional PatchMaster Businesses. Any decision made by any of your Owners will be final and binding on you. If you have more than one Owner, we may rely on the decision of any such Owner, and we will be entitled to rely solely on the decision of any Owner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of any such Owner. Your Owners must have full corporate power and authority to enter into the Franchise Agreement and any other documents to which you are a party, and to make binding decisions on your behalf.

### **15.3. Guaranty by Owners**

Each of your Owners and their respective spouses must execute a guaranty in the form we prescribe, agreeing to be personally bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us and/or our affiliates. Our current form of guaranty is attached hereto as Exhibit 1.

## **16. RELATIONSHIP AND INDEMNIFICATION**

### **16.1. Relationship**

This Agreement is purely a contractual relationship between the parties and does not appoint or make you an agent, representative, joint venturer, partner, or employee of ours for any purpose whatsoever. You may not represent or imply to third parties that you are an agent of ours, and you are in no way authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. During the term of this Agreement, you shall hold yourself out to the public only as a franchisee and an owner of your Franchised Business operating your Franchised Business pursuant to a franchise from us. Under no circumstances shall we

be liable for any act, omission, contract, debt, nor any other obligation of yours, or for any injuries to persons or property resulting from your Franchised Business. Any third-party contractors and vendors retained by you are independent contractors of yours alone. This Agreement does not establish a fiduciary relationship between the parties.

## **16.2. Indemnification**

During and after the term of this Agreement, you hereby agree to hold harmless and indemnify us, our affiliate, and all of our and their owners, holders of a legal or beneficial interest, officers, directors, executives, managers, employees, agents, successors and assigns from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees) incurred in connection with any action, suit, demand, claim, obligations, investigation or proceeding, or any settlement thereof, which arises from or is based upon your, your Owners', your affiliates', or your or their employees' or other representatives': (a) ownership or operation of your Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between you and your affiliates and us or our affiliates; (d) your employees or employment practices; and/or (e) acts, errors, omissions, negligence, or misconduct of any kind. Each indemnified party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. An indemnified party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity.

## **17. GENERAL CONDITIONS AND PROVISIONS**

### **17.1. No Waiver**

**17.1.1.** No failure of ours to exercise any power reserved to it hereunder, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Waiver by us of any particular default by you shall not be binding unless in writing and executed by us and shall not affect nor impair our right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by us of any payment(s) due shall not be deemed to be a waiver by us of any breach by you of any terms, covenants or conditions of this Agreement. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of 10 days' prior written notice.

**17.1.2.** The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **17.2. Notices**

All notices required or permitted under this Agreement shall be deemed received by the earlier of the time actually delivered to the recipient party (or to an officer, director, or partner of the

recipient party), or as follows: (a) on the day of transmission by e-mail or other reasonably reliable electronic communication system, if received during ordinary business hours, otherwise the following business day; (b) the next business day after being sent via guaranteed overnight delivery by a commercial courier service; or (c) five business days after being sent by Registered Mail, return receipt requested. Any notice that we send to you by electronic means will be deemed delivered if it is delivered to the email address listed on the Summary Page, and/or any email address listed for any of your Owners listed on the Summary Page. All notices, payments, and reports required by this Agreement shall be sent to us or you at the Franchised Business Office. Either party may change its address by a written notice sent in accordance with this Section 17.2.

### **17.3. Entire Agreement**

This Agreement, including its exhibits, constitutes the entire, complete, and fully integrated agreement between us and you concerning the subject matter hereof, and supersedes all prior representations, promises, and agreements. No amendment, change or variance from this Agreement shall be binding on either party unless memorialized in a writing executed by both parties. Nothing in this or any related agreement, however, is intended to disclaim any representations we made in the franchise disclosure document that we furnished to you.

### **17.4. Severability**

**17.4.1.** Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If we determine that a finding of invalidity adversely affects the basic consideration of this Agreement, we have the right to, at our option, terminate this Agreement.

**17.4.2.** If any of the covenants contained in Section 6 is deemed unenforceable by virtue of its scope, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

**17.4.3.** If any applicable and binding law of any jurisdiction requires more notice of this Agreement's termination or of our refusal to enter into a renewal franchise agreement than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law, ordinance, rule or regulation will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety.

### **17.5. Construction**

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. References in this Agreement to “**we**,” “**us**,” and “**our**,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “**affiliate**” means any person or Business Entity directly or indirectly owned or controlled by, under common control with, or

owning or controlling you or us. The term “**control**” means the power to direct or cause the direction of management and policies. The use of the term “**including**” in this Agreement, means in each case “including, without limitation.” The term “**person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

#### **17.6. Third-Party Beneficiaries**

Except as expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or Business Entity other than us or you, and our and your respective successors and assigns any rights or remedies under this Agreement.

#### **17.7. Execution**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature.

### **18. DISPUTE RESOLUTION**

#### **18.1. Arbitration**

**18.1.1.** All controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates); (2) our relationship with you or the franchise granted hereby; (3) the scope or validity of this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of this arbitration provision, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the “**AAA**”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our (or our successor’s or assign’s, as applicable) then current principal place of business (currently, Chester, New Jersey). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

**18.1.2.** The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys’ fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys’ fees, incurred in connection therewith.

**18.1.3.** In any arbitration proceeding, each party will be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Each party must

submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.

**18.1.4.** Arbitration proceedings will be conducted on an individual basis. no arbitration proceeding may be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on behalf of any party by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

**18.1.5.** In any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain and shall not include broad phraseology such as "all documents directly or indirectly related to." No interrogatories or requests to admit shall be propounded, unless the parties mutually agree.

**18.1.6.** The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect and survive the expiration or termination of this Agreement. Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

## **18.2. Injunctive Relief**

Nothing in this Agreement, including Section 18.1, bars our right to obtain specific performance of the provisions of this Agreement and injunctive or other equitable relief against threatened conduct that will cause us, the Marks and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

## **18.3. Cost of Enforcement or Defense**

The prevailing party in any dispute or proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such dispute or proceeding.

## **18.4. Choice of Law**

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.). Except to the extent governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et. seq.), the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et. seq.), or other federal law, this

Agreement (or any other agreement between us and our affiliates and you and your affiliates), the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of New Jersey, without regard to its conflict of laws rules; provided, however, that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are independently met.

#### **18.5. Consent to Jurisdiction**

Subject to Section 18.1, we and you agree that all controversies, disputes, or claims between us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to this Agreement or any other agreement between you (or any of your Owners) and us (or any of our affiliates) or our relationship with you must be commenced exclusively in state or federal court closest to our (or our successor's or assign's, as applicable) then-current principal place of business (currently, Chester, New Jersey), and the parties irrevocably consent to the jurisdiction of those courts and waive any objection to either the jurisdiction of or venue in those courts. Nonetheless, the parties agree that any of us may enforce any arbitration orders and awards in the courts of the state or states in which you or your Franchised Business or your LSA(s) are located.

#### **18.6. Cumulative Rights and Remedies**

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy.

#### **18.7. Limitation of Claims**

EXCEPT FOR CLAIMS ARISING FROM YOUR NON PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS A PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

#### **18.8. Limitation of Damages**

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16.2, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

#### **18.9. Waiver of Jury Trial**

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.

#### **18.10. Class Action Waiver**

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR

AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

[Signature Page to Follow]

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**FRANCHISOR:**

**PatchMaster Franchise, LLC**

**FRANCHISEE:**

\_\_\_\_\_  
(insert legal name)

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

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

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

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

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

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

## EXHIBIT 1 TO THE FRANCHISE AGREEMENT

### UNLIMITED GUARANTY AND PERSONAL UNDERTAKING

THIS UNLIMITED GUARANTY AND PERSONAL UNDERTAKING (this “**Guaranty**”) is executed and delivered to Franchisor to be effective as of the effective date of the Franchise Agreement (defined below). Each of the undersigned make the following representations and warranties to Franchisor, and agree to the following:

1. I have read the franchise agreement between PatchMaster Franchise LLC (“**Franchisor**”) and \_\_\_\_\_ (the “**Franchisee**”) together with any associated exhibits, agreements, addenda, riders, and other instruments (together, the “**Franchise Agreement**”) and am familiar with its terms (capitalized terms not defined herein will have the meaning in the Franchise Agreement).

2. I own a beneficial interest in the Franchisee and/or the Franchised Business, and/or would be considered an “Owner” within the definition contained in the Franchise Agreement.

3. I understand that, were it not for this Guaranty, Franchisor would not have agreed to enter into the Franchise Agreement.

4. I agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including that without limiting the foregoing, I will comply with all of the covenants of confidentiality, exclusivity, non-interference, and non-disparagement contained in Section 6 of the Franchise Agreement.

5. I will comply with all of the provisions contained in Section 14 of the Franchise Agreement concerning the transfer of any interest I may have in the Franchised Business or the Franchisee.

6. I agree that the provisions contained in Section 18 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty, including the requirement to arbitrate all claims under Section 18.1. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its attorneys’ fees and costs.

7. I hereby personally and unconditionally guarantee to Franchisor and its successors and assigns the punctual and full payment of all amounts owed by the Franchisee under the Franchise Agreement. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee or any other guarantor or person before seeking recovery from me under this Guaranty.

8. No modification, change, impairment, or suspension of any of Franchisor’s rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee’s obligations, I agree that Franchisor’s release of such security will neither affect my liability under this Guaranty or be asserted as a defense to enforcement of this Guaranty.

9. I hereby waive: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right I may have to require that an action be brought against Franchisee or any other person as a condition of my liability; (e) any and all other notices and legal or equitable defenses to which I may be entitled; and

(f) defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

10. My liability under this Guaranty shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

11. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT.**

12. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

13. This Guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of the Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither my obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for enforcement.

14. If more than one person has personally guaranteed any performance under and/or agreed to be bound by the Franchise Agreement, my liability with such person shall be joint and several with such guarantors, parties, and the Franchisee.

15. This Guaranty shall be binding on me and my heirs, executors, administrators, and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, I warrant and agree that my death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that my estate and heirs shall continue to be liable hereunder with respect to any obligations guaranteed hereunder.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if the Franchisee is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such guarantor (or on such guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

By signing below, any undersigned spouse acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to guarantor's performance of this Guaranty. Each guarantor represents and warrants that, if no signature appears below for such guarantor's spouse, such guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, each of the undersigned has affixed his signature to be effective as of the Effective Date.

GUARANTOR(S)	SPOUSE(S)
Sign: _____ Name: _____	Sign: _____ Name: _____
Sign: _____ Name: _____	Sign: _____ Name: _____
Sign: _____ Name: _____	Sign: _____ Name: _____

**EXHIBIT 2 TO THE FRANCHISE AGREEMENT**

**FRANCHISE OWNERS**

- (a) You operate as the following (please complete):
- Sole Proprietorship
  - Business Entity formed in the State of \_\_\_\_\_

(b) The following is a list of your Owners:

<b>Name</b>	<b>Home Address</b>	<b>Telephone Number</b>	<b>Email Address</b>	<b>% of Ownership</b>

(c) The following individuals of your officers, managers, or other governing persons:

<b>Name</b>	<b>Home Address</b>	<b>Telephone Number</b>	<b>Email Address</b>	<b>Title</b>

**EXHIBIT 3 TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER  
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO  
PATCHMASTER FRANCHISE, LLC (“PAYEE”)**

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, “debits”) drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. This authority is to remain in full force and effect until Depository has received joint written notification from Payee and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. The Depositor agrees with respect to any action taken pursuant to the above authorization:

- 1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- 2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- 3) To defend at Depositor’s own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (Bank Name): \_\_\_\_\_ Bank Account Name: \_\_\_\_\_

Bank Acct #: \_\_\_\_\_ Routing # \_\_\_\_\_

(Please attach one voided check for the above account)

Depositor:

Depository:

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT 4 TO THE FRANCHISE AGREEMENT**

### **STATE-SPECIFIC RIDERS TO FRANCHISE AGREEMENT**

The state-specific terms below will apply to this Agreement and modify the terms to this Agreement, if the transaction satisfies the jurisdictional requirements described below for any particular state law and is not otherwise exempt from such law. The provisions of multiple states may apply.

The following provision applies if you or the franchise granted hereby are subject to the franchise laws in **California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin**: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

#### **CALIFORNIA**

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of California independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

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

#### **ILLINOIS**

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Illinois independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
4. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND**

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Maryland independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. The following is added to the end of Section 12.1 of the Franchise Agreement:

This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

2. The following language is added to the end of Section 18.5 of the Franchise Agreement:

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

3. The following language is added to the end of Section 18.1 of the Franchise Agreement:

A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. The following is added to the end of Sections 18.8 and 18.9 of the Franchise Agreement:

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

5. 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.

## **MINNESOTA**

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Minnesota independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. The following language is added to the end of Section 2.8 of the Franchise Agreement:

Notwithstanding the foregoing, you and we acknowledge that under Minnesota Statute 604.113 your penalty for an insufficient funds check will be limited to \$30 per occurrence.

2. The following is added to the end of Sections 3.2(j) and 14.2.2(c) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. The following is added to the end of Sections 3.2 and 12 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. The following language is added to the end of Section 13.2.2 of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

5. The following is added to the end of Section 18.2 of the Franchise Agreement:

Notwithstanding the foregoing, a court will determine if a bond is required.

6. The following is added to the end of Section 18.7 of the Franchise Agreement:

Notwithstanding the foregoing, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

7. Notwithstanding anything to the contrary, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

## **NEW YORK**

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of New York independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. The following is added to the end of Sections 3.2(j) and 14.2.2(c) of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

2. Nothing herein shall be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

3. The following is added to the end of Section 14.1 of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under this Agreement.

4. The following sentence is added to the end of Section 12.3 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

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

6. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of North Dakota independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. The following is added to the end of Section 2.1 of the Franchise Agreement:

All initial fees and payments will be deferred until such time as we complete our initial obligations under this Agreement and you have begun operating your Franchised Business.

## **RHODE ISLAND**

The following provisions are annexed to and form part of this Agreement if and to the extent that the applicable franchise laws in the State of Rhode Island independently apply to you and/or the franchise granted hereby without reference to the terms hereof:

1. The following is added at the end of Section 18.5 of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. The following is added at the end of Section 18.4 of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

## **VIRGINIA**

The following provisions are annexed to and form part of this Agreement if and to the extent that: (a) the applicable franchise laws in the State of Virginia independently apply to you and/or the franchise granted hereby without reference to the terms hereof, and the following provisions are required by applicable law; and (ii) the franchise is granted on or after July 1, 2026:

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

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

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an

action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages may be void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or

liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Interim Operations. The first two lines of Section 13.4.1 of the Franchise Agreement is hereby deleted and replaced with the following language:

“ We have the right, but not the obligation, to operate your Franchised Business on an interim basis, not to exceed 180 days, or to appoint a third party to operate your Franchised Business on an interim basis”

20. Lost Revenue Damages. As required by the Director of the Department of Financials Institutions, we hereby agree not to collect Lost Revenue Damages from you in an amount greater than the net present value of the Royalties and Brand Fund Contributions that would have become due had this Agreement not been terminated, from the date of termination to the earlier of: (i) 2 years following the date of termination; or (ii) the scheduled expiration of the Term.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Exhibit to be effective as of the effective date of the Franchise Agreement.

**FRANCHISOR:**  
**PATCHMASTER FRANCHISE, LLC**

**FRANCHISEE:**  
\_\_\_\_\_  
(insert legal name)

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT 5 TO THE FRANCHISE AGREEMENT**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

You are preparing to enter into a PatchMaster Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the Disclosure Document provided to you?

Yes                       No

2. Do you understand all of the information contained in the Disclosure Document?

Yes                       No

If you answered “No”, what parts of the Disclosure Document do you not understand?  
(Attach additional pages, if necessary)

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3. Have you received and carefully reviewed the Franchise Agreement and each exhibit, appendix, and schedule attached to the Franchise Agreement?

Yes                       No

4. Do you understand all of the information contained in the Franchise Agreement and each exhibit, appendix, and schedule attached to it?

Yes                       No

If you answered “No”, what parts of the Franchise Agreement do you not understand?  
(Attach additional pages, if necessary)

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5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a PatchMaster Franchise with an attorney, accountant or other professional advisor?

Yes                       No

6. Do you understand that the purchase of a PATCHMASTER Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or

failure of your PatchMaster Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes  No

7. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes  No

If you answered “No” to any of the Questions 1 through 7, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered “No” to each of these questions, please leave the following lines blank.

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8. Other than any statements specifically provided in Item 19 of our Disclosure Document, have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a PATCHMASTER Franchise?

Yes  No

9. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, in addition to, or different from, the information contained in our Disclosure Document?

Yes  No

10. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a PatchMaster Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the Disclosure Document provided to you?

Yes  No

11. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers that may be available to you if you purchase a PATCHMASTER Franchise?

Yes  No

12. If you answered “Yes” to any of the Questions 8 through 11, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered “No” to each of these questions, please leave the following lines blank.

Explanation

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You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant:

Date: \_\_\_\_\_

\_\_\_\_\_, Individually

Date: \_\_\_\_\_

\_\_\_\_\_, Individually

**EXHIBIT C**

**TABLE OF CONTENTS TO OPERATIONS MANUAL**

## Table of Contents

Chapter 1 – The PatchMaster® Franchise System.....	2 pages
Chapter 2 – Intellectual Property.....	5 pages
Chapter 3 – Operating Your Business.....	17 pages
Chapter 4 – Business Planning.....	5 pages
Chapter 5 – Business Development.....	4 pages
Chapter 6 – Accounting & Record Keeping.....	4 pages
Chapter 7 – Renewing, Transferring or Selling Your Franchise.....	2 pages

**EXHIBIT D**  
**LIST OF FRANCHISEES**

**LIST OF FRANCHISEES AS OF DECEMBER 31, 2025**

	<b>Franchisee</b>	<b>Owner</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Phone Number</b>
1.	JB Jacks, Inc.	James Jacks	766 Millers Point Road	Auburn	AL	(334) 663-1613
2.	JB Jacks, Inc.	James Jacks	766 Millers Point Road	Auburn	AL	(334) 663-1613
3.	Assemble Solutions, LLC	Joshua Eddleman	1110 DE E Street	Bentonville	AR	(503) 575-0013
4.	JS Gibbs Enterprises, LLC	Jeremy Gibbs	9524 W Camelback Rd Ste 434	Glendale	AZ	(480) 290-9677
5.	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
6.	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
7.	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
8.	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
9.	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
10.	Legacy Investment Properties, LLC	Greg Evans	3228 E. Ivy Glen Circle	Mesa	AZ	(480) 388-0870
11.	Golden Oak LLC	Thomas Tucker	2619 Northview Place	Castle Rock	CO	(720) 676-9484
12.	Martinez Services, LLC	Chris Martinez	9641 West Belfast Drive	Littleton	CO	(720) 375-2400
13.	Martinez Services, LLC	Chris Martinez	9641 West Belfast Drive	Littleton	CO	(720) 375-2400
14.	Running R Inc.	Russell Moore	973 Blue Bell Road	Berthoud	CO	(303) 475-3035
15.	DNCJK Enterprises	David Marchak	152 Bellridge Rd	Bristol	CT	(860) 202-7300
16.	DNCJK Enterprises	David Marchak	152 Bellridge Rd	Bristol	CT	(860) 202-7300
17.	JPEK LLC	Joseph Piacente	16 Ridge View Drive	Patterson	CT <sup>1</sup>	(914) 523-9774
18.	Parkview Services, Inc.	Gerson Souza	479 Trafton Road	Springfield, MA	CT <sup>1</sup>	(413) 297-2464
19.	Norton Whittier, Inc.	John Norton	6701 16th St NW	Washington	DC	(202) 360- 6838
20.	Mullen Work, Inc.	TJ Mullen	5050 Navia Ct	Fleming Island	FL	(908) 839-3603
21.	Mullen Work, Inc.	TJ Mullen	5050 Navia Ct	Fleming Island	FL	(908) 839-3603
22.	Luis Palmar		11045 Regency Commons Court	Orlando	FL	(407) 747-0001

23.	Luis Palmar		11045 Regency Commons Court	Orlando	FL	(407) 747-0001
24.	Kiago Holdings, LLC	Gabe Ocanto	7700 SW 54th Ct Apt A	Miami	FL	(786) 851-3604
25.	Kiago Holdings, LLC	Gabe Ocanto	7700 SW 54th Ct Apt A	Miami	FL	(786) 851-3604
26.	RSCS Ventures, LLC	Charity Sheldt	4833 Chaudron Rd	Moilno	FL	(850) 324-4463
27.	RSCS Ventures, LLC	Charity Sheldt	4833 Chaudron Rd	Moilno	FL	(850) 324-4463
28.	The Cotto Brand Inc.	Karean & Kevin Cotto	130 Queen Victoria Avenue	St Johns	FL	(714) 769-4060
29.	WMWIT, LLC	William Whitcomb	225 Capri Circle North	Treasure Island	FL	(813) 545-2484
30.	WMWIT, LLC	William Whitcomb	225 Capri Circle North	Treasure Island	FL	(813) 545-2484
31.	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
32.	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
33.	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
34.	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
35.	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
36.	Work Services, Inc.	Angel Garcia	25 Pine Arbor Lane	Vero Beach	FL	(321) 432-8293
37.	Hevin Services & Solutions, LLC	Heather Crockett	1306 New York Ave	Dunedin	FL	(518) 265-2207
38.	Hevin Services & Solutions, LLC	Heather Crockett	1306 New York Ave	Dunedin	FL	(518) 265-2207
39.	ChamPod Ventures, LLC	Hunter Pratt	130 Beardon Circle, SE, Unit 12	Atlanta	GA	(706) 726-1650
40.	ChamPod Ventures, LLC	Hunter Pratt	130 Beardon Circle, SE, Unit 12	Atlanta	GA	(706) 726-1650
41.	ChamPod Ventures, LLC	Hunter Pratt	130 Beardon Circle, SE, Unit 12	Atlanta	GA	(706) 726-1650
42.	Filbert Street Legacy Group, Inc.	Jamon McDaniel	7550 Crawford Ct	Fairburn	GA	(434) 942-7493
43.	Pivotal Blueprint, Inc.	Yomekia Coleman	1222 Mistyhaynes Way	Grayson	GA	(770) 837-7400
44.	Alcasandra Group Corporation	Alfredo Perez	4454 Five Forks Trickum Rd	Lilburn	GA	(770) 935-7516
45.	Promontory Endeavors, Inc	Michael Dunford	4440 Langdon Walk	Smyrna	GA	(612) 965-8505
46.	Promontory Endeavors, Inc	Michael Dunford	4440 Langdon Walk	Smyrna	GA	(612) 965-8505
47.	Versamac, Inc.	David McMinn	465 Newport Heights	Alpharetta	GA	(770) 990-9317

48.	Versamac, Inc.	David McMinn	465 Newport Heights	Alpharetta	GA	(770) 990-9317
49.	VSXA Ventures, LLC	Jeremie Peterson	1010 Prestien Dr	Denver	IA	(319) 939-7383
50.	Saddleup406, Inc.	Michael Linderman	525 E Parkcenter Blvd, Apt 203	Boise	ID	(406) 544-8347
51.	North Idaho Veteran Home Services LLC	Shane Austin	2576 N. Lehigh Ct.	Post Falls	ID	(209) 404-7008
52.	Keith Reinertson		572 Lake Ridge Drive	South Elgin	IL	(901) 428-0978
53.	Keith Reinertson		572 Lake Ridge Drive	South Elgin	IL	(901) 428-0978
54.	Keith Reinertson		572 Lake Ridge Drive	South Elgin	IL	(901) 428-0978
55.	Stafford Drywall Co	Jason Stafford	2704 Pine Valley Dr.	Champagne	IL	(217) 552-8385
56.	Stafford Drywall Co	Jason Stafford	2704 Pine Valley Dr.	Champagne	IL	(217) 552-8385
57.	Stafford Drywall Co	Jason Stafford	2704 Pine Valley Dr.	Champagne	IL	(217) 552-8385
58.	Conti Enterprises, LLC	Mike Conti	2736 N Wolcott Ave #301	Chicago	IL	(203) 980-5821
59.	Conti Enterprises, LLC	Mike Conti	2736 N Wolcott Ave #301	Chicago	IL	(203) 980-5821
60.	Conti Enterprises, LLC	Mike Conti	2736 N Wolcott Ave #301	Chicago	IL	(203) 980-5821
61.	Kauffman Home Repair	Bill Kauffman	53138 Monterey Dr.	Bristol	IN	(574) 298-1009
62.	Tuttle Franchises, Inc.	Jacob Tuttle	16420 Overlook Park Pl	Noblesville	IN	(317) 903-7194
63.	Tuttle Franchises, Inc.	Jacob Tuttle	16420 Overlook Park Pl	Noblesville	IN	(317) 903-7194
64.	Tuttle Franchises, Inc.	Jacob Tuttle	16420 Overlook Park Pl	Noblesville	IN	(317) 903-7194
65.	Tuttle Franchises, Inc.	Jacob Tuttle	16420 Overlook Park Pl	Noblesville	IN	(317) 903-7194
66.	Spunky Company LLC	Rocco Lotito	5118 Walnut St.	Kansas City	KS	(201) 289-0718
67.	Parkview Services Incorporated	Gerson Souza	112 Washington Rd.,	Springfield	MA	(413) 297-2464
68.	Parkview Services Incorporated	Gerson Souza	112 Washington Rd.,	Springfield	MA	(413) 297-2464
69.	Parkview Services Incorporated	Gerson Souza	112 Washington Rd.,	Springfield	MA	(413) 297-2464
70.	Tanieka Gentles		1 Lake Whittemore Drive	Worcester	MA	(774) 242-0312
71.	Wallfix, Inc.	Vlad Pokinboroda	19 Scott Drive	Framingham	MA	(339) 222-6335

72.	Kauffman Home Repair	Bill Kauffman	53138 Monterey Dr.	Bristol, IN	MI <sup>1</sup>	(574) 298-1009
73.	Foley Construction, LLC	Matthew Foley, Kellie Foley	48571 Lorenzo Dr	Macomb	MI	(586) 899-8602
74.	Hawker and James, Inc.	David Moag	19051 San Jose Boulevard	Lathrup Village	MI	(615) 878-4046
75.	Hawker and James, Inc.	David Moag	19051 San Jose Boulevard	Lathrup Village	MI	(615) 878-4046
76.	Mindwest Pinnacle Management, LLC	Natanael Ardelean	9802 Cobb Hollow Ct	Saline	MI	(734) 621-3750
77.	TAB United Inc.	Anthony Bodway	3002 Pine Avenue SW	Howard Lake	MN	(952) 681-9281
78.	TAB United Inc.	Anthony Bodway	3002 Pine Avenue SW	Howard Lake	MN	(952) 681-9281
79.	TAB United Inc.	Anthony Bodway	3002 Pine Avenue SW	Howard Lake	MN	(952) 681-9281
80.	Axel Services Inc.	Tom Lexa	16506 Harlan Road	Sparta	MN	(262) 312-4325
81.	Spunky Company LLC	Rocco Lotito	5118 Walnut St.	Kansas City	MO	(201) 289-0718
82.	Spunky Company LLC	Rocco Lotito	5118 Walnut St.	Kansas City	MO	(201) 289-0718
83.	Yates Premier Services, LLC	Kody Yates	320 Thoreau Blvd	O'Fallon	MO	(319) 795-5207
84.	Yates Premier Services, LLC	Kody Yates	320 Thoreau Blvd	O'Fallon	MO	(319) 795-5207
85.	Howell Premier Services, Inc.	Zachary Howell	4104 Bedford Manor Ct.	Wentzville	MO	(636) 362-4399
86.	ALM Ventures, LLC	Adam Mitchell	14280 NW 60 <sup>th</sup> Court	Parkville	MO	(321) 578-0122
87.	ALM Ventures, LLC	Adam Mitchell	14280 NW 60th Court	Parkville	MO	(321) 578-0122
88.	ALM Ventures, LLC	Adam Mitchell	14280 NW 60th Court	Parkville	MO	(321) 578-0122
89.	ALM Ventures, LLC	Adam Mitchell	14280 NW 60th Court	Parkville	MO	(321) 578-0122
90.	ALM Ventures, LLC	Adam Mitchell	14280 NW 60th Court	Parkville	MO	(321) 578-0122
91.	Klein innovations, Inc.	Allan Klein	642 Red Oak Drive	Madison	MS	(601) 900-9237
92.	Joshua Jones		17330 W Center Rd, Ste 110 #145	Omaha	NE	(402) 915-5526
93.	Joshua Jones		17330 W Center Rd, Ste 110 #145	Omaha	NE	(402) 915-5526

94.	Craig Lutzca		415 Willow Grove St	Hackettstown	NJ	(973) 222-6316
95.	A2 Drywall, Inc.	Anthony Esposito	1153 Flanders Court	Amherst	NY	(716) 261-8125
96.	A2 Drywall, Inc.	Anthony Esposito	1153 Flanders Court	Amherst	NY	(716) 261-8125
97.	SMB Victory Enterprises Inc.	Shawn Brown	61 Glen Head Road	Glen Head	NY	(516) 341-1622
98.	SMB Victory Enterprises Inc.	Shawn Brown	61 Glen Head Road	Glen Head	NY	(516) 341-1622
99.	SMB Victory Enterprises Inc.	Shawn Brown	61 Glen Head Road	Glen Head	NY	(516) 341-1622
100.	JPEK LLC	Joseph Piacente	16 Ridge View Drive	Patterson	NY	(914) 523-9774
101.	JPEK LLC	Joseph Piacente	16 Ridge View Drive	Patterson	NY	(914) 523-9774
102.	R.E.K.M Enterprises, LLC	Jeremy Jones	1051 Lynaugh Rd	Victor	NY	(585) 905-1292
103.	Cape Fear Drywall Repair, LLC	Christian Clavadetscher	7259 Sanctuary Dr	Wilmington	NC	(910) 264-8321
104.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
105.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
106.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
107.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
108.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
109.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
110.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	NC	(704) 665-0990
111.	BARKAT LLC	Dave Biggerstaff	675 Carlton Dr, Unit B	Gastonia	SC <sup>1</sup>	(704) 665-0990
112.	RIAJ Services LLC	Rick Rodriguez	909 Buffalo Lake Road	Sanford	NC	(919) 356-0944
113.	RIAJ Services LLC	Rick Rodriguez	909 Buffalo Lake Road	Sanford	NC	(919) 356-0944
114.	RIAJ Services LLC	Rick Rodriguez	909 Buffalo Lake Road	Sanford	NC	(919) 356-0944
115.	GSR Home Repair LLC	Gregory Rodriguez	256 Coal Bend	Delaware	OH	(703) 585-1779
116.	GSR Home Repair LLC	Gregory Rodriguez	256 Coal Bend	Delaware	OH	(703) 585-1779
117.	GSR Home Repair LLC	Gregory Rodriguez	256 Coal Bend	Delaware	OH	(703) 585-1779
118.	Joseph Gilliam		36550 Valley Ridge Rd	Willoughby	OH	(440) 840-5126

119.	Joseph Gilliam		36550 Valley Ridge Rd	Willoughby	OH	(440) 840-5126
120.	Tarango Corporation	Paul Tarango	4161 King Bird Lane	Miamisburg	OH	(937) 938-0360
121.	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
122.	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
123.	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
124.	NWBluesteel Holdings, Inc	Scott Baumer	4877 Parkview Dr, Unit G	Lake Oswego	OR	(503) 694-9544
125.	KL Crane Enterprises, LLC	Kevin Crane	435 Crescent Moon Dr.	Cogan Station	PA	(570) 337-3256
126.	KL Crane Enterprises, LLC	Kevin Crane	435 Crescent Moon Dr.	Cogan Station	PA	(570) 337-3256
127.	PM Drywall Pros LLC	Dylan Sykes	2012 Mill Plain Ct.	Harrisburg	PA	(717) 877-8836
128.	PM Drywall Pros LLC	Dylan Sykes	2012 Mill Plain Ct.	Harrisburg	PA	(717) 877-8836
129.	Sutton Home Enterprises, Inc.	Jean Mckie	5 Lanfair Road	Cheltenham	PA	(267) 505-6987
130.	Craig Lutzca		415 Willow Grove St	Hackettstown, NJ	PA <sup>1</sup>	(973) 222-6316
131.	Brookwell Home Services, Inc.	Kevin Toto	147 Rehoboth Road	Wayne	PA	(610) 715-0305
132.	Brookwell Home Services, Inc.	Kevin Toto	147 Rehoboth Road	Wayne	PA	(610) 715-0305
133.	Brookwell Home Services, Inc.	Kevin Toto	147 Rehoboth Road	Wayne	PA	(610) 715-0305
134.	Steadfast Home Solutions, LLC	James Maggard	607 West Franklin Street	Monroe	SC	(864) 436-6658
135.	McCoy Handyman Drywall & Repair, LLC	Jarvis McCoy	6316 West 61st St	Sioux Falls	SD	(605) 413-5589
136.	Cooke Ventures, LLC	Steve Cooke	455 Tinnan Ave	Franklin	TN	(615) 545-9260
137.	Drywall and Paint Partners LLC	Stephen Stradtman	5710 Reflection Rd	Smyrna	TN	(615) 339-7223
138.	Drywall and Paint Partners LLC	Stephen Stradtman	5710 Reflection Rd	Smyrna	TN	(615) 339-7223
139.	Drywall and Paint Partners LLC	Stephen Stradtman	5710 Reflection Rd	Smyrna	TN	(615) 339-7223
140.	BNA Drywall LLC	Kevin Copeland	1109 57th Ave N	Nashville	TN	(615) 430-6997
141.	Versamac, Inc.	David McMinn	465 Newport Heights	Alpharetta, GA	TN <sup>1</sup>	(770) 580-0533

142.	JC Property Improvement, Inc.	Justin Calvin	1617 Fannin #1819	Houston	TX	(936) 649-2919
143.	JC Property Improvement, Inc.	Justin Calvin	1617 Fannin #1819	Houston	TX	(936) 649-2919
144.	KD Franchise Group	Kris Longmore	2721 Donnington Drive	Plano	TX	(214) 263-1234
145.	KD Franchise Group	Kris Longmore	2721 Donnington Drive	Plano	TX	(214) 263-1234
146.	KD Franchise Group	Kris Longmore	2721 Donnington Drive	Plano	TX	(214) 263-1234
147.	C2 Cell Solutions, LLC	Nickolas Alexander	4049 Chaucer Lane	Dallas	TX	(214) 534-1841
148.	C2 Cell Solutions, LLC	Nickolas Alexander	4049 Chaucer Lane	Dallas	TX	(214) 534-1841
149.	C2 Cell Solutions, LLC	Nickolas Alexander	4049 Chaucer Lane	Dallas	TX	(214) 534-1841
150.	MaeLaneCo Holdings, LLC	Michael Clements	104 Grouger Cove	Leander	TX	(512) 779-2216
151.	MaeLaneCo Holdings, LLC	Michael Clements	104 Grouger Cove	Leander	TX	(512) 779-2216
152.	MaeLaneCo Holdings, LLC	Michael Clements	104 Grouger Cove	Leander	TX	(512) 779-2216
153.	NBS Endeavors, LLC	Brad Strickland	206 Cindy Ann St	Lorena	TX	(254) 716-7349
154.	MHP Home Services, Inc.	Hamish Pellew	8807 Dittmar Oaks Drive	Austin	TX	(512) 915-0086
155.	Hollingworth Enterprises, LLC	Michael Hollingworth	22214 Willington Way	Tomball	TX	(281) 770-7255
156.	Hollingworth Enterprises, LLC	Michael Hollingworth	22214 Willington Way	Tomball	TX	(281) 770-7255
157.	Hollingworth Enterprises, LLC	Michael Hollingworth	22214 Willington Way	Tomball	TX	(281) 770-7255
158.	Infinite Dreams Ranch LLC	Robert Stroh	1816 East Main St	Henderson	TX	(303) 888-4298
159.	Pacifica SE LLC	John Tack	9911 El Patio Dr	Dallas	TX	(267) 319-4610
160.	Pacifica SE LLC	John Tack	9911 El Patio Dr	Dallas	TX	(267) 319-4610
161.	Pacifica SE LLC	John Tack	9911 El Patio Dr	Dallas	TX	(267) 319-4610
162.	Pacifica SE LLC	John Tack	9911 El Patio Dr	Dallas	TX	(267) 319-4610
163.	Pacifica SE LLC	John Tack	9911 El Patio Dr	Dallas	TX	(267) 319-4610
164.	Parsons Landing LLC	Ryan Chapman	23223 Parsons Landing Drive	Katy	TX	(346) 457-8064
165.	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051

166.	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051
167.	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051
168.	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051
169.	Zite & Zite, LLC	Eddy Zite	2500 S. Decker Lake Bvd, Ste 16	Salt Lake City	UT	(435) 503-2051d
170.	NOVA Wall Solutions	David Fontaine	11660 Preference Way	Herndon	VA	(571) 332-3463
171.	NOVA Wall Solutions	David Fontaine	11660 Preference Way	Herndon	VA	(571) 332-3463
172.	NOVA Wall Solutions	David Fontaine	11660 Preference Way	Herndon	VA	(571) 332-3463
173.	Service Sphere Home Repair Corp.	William Anderson	3000 Sagebrook Ct	Midlothian	VA	(434) 610-0916
174.	Service Sphere Home Repair Corp.	William Anderson	3000 Sagebrook Ct	Midlothian	VA	(434) 610-0916
175.	FEJ LLC	Rick Bruner	824 Stacey Place	Virginia Beach	VA	(804) 564-7300
176.	FEJ LLC	Rick Bruner	824 Stacey Place	Virginia Beach	VA	(804) 564-7300
177.	North Idaho Veteran Home Services LLC	Shane Austin	2576 N. Lehigh Ct.	Post Falls	WA	(209) 404-7008
178.	JSL Drywall Repair	Steven Landman	109 Trails Edge Ct	Hartland	WI	(262) 893-5182
179.	JSL Drywall Repair	Steven Landman	109 Trails Edge Ct	Hartland	WI	(262) 893-5182
180.	Axel Services Inc.	Tom Lexa	16506 Harlan Rd.	Sparta	WI	(262) 312-4325

<sup>1</sup> This franchised business has an LSA in a different state than its principal business address. The address provided is the principal business address. But the state in the “state” column is for the LSA of the business.

**LIST OF FRANCHISEES WITH SIGNED AGREEMENTS BUT OUTLETS NOT YET OPENED**  
**AS OF DECEMBER 31, 2025**

	<b>Franchisee</b>	<b>Owner</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Phone Number</b>
1.	Aston Downs	Chris Voudouris	6408 Sol Way	Citrus Heights	CA	(916) 934-4153
2.	Aston Downs	Chris Voudouris	6408 Sol Way	Citrus Heights	CA	(916) 934-4153
3.	Michael Bilger		2515 Snowmass Ct.	Grand Junction	CO	(307) 342-9999
4.	Oscar Dominguez		1610 Bitterroot St.	Kissimmee	FL	(786) 717-2725
5.	Oscar Dominguez		1610 Bitterroot St.	Kissimmee	FL	(786) 717-2725
6.	Doulos Mgmt LLC	George Doulos	5936 Premier Way, Unit 1435	Naples	FL	(718) 450-2527
7.	Doulos Mgmt LLC	George Doulos	5936 Premier Way, Unit 1435	Naples	FL	(718) 450-2527
8.	Jack Ruvin		65 Phillips St.	Boston	MA	(414) 702-9961
9.	Krunalkum Kothari		460 Grand Street	Jersey City	NJ	(201) 744-1686
10.	Kevin Welch		5848 Fresco Dr.	Fort Worth	TX	(817) 915-6031
11.	Kevin Welch		5848 Fresco Dr.	Fort Worth	TX	(817) 915-6031
12.	Todd Honea		17510 Pecks Park Court	Tomball	TX	(281) 961-2645
13.	Todd Honea		17510 Pecks Park Court	Tomball	TX	(281) 961-2645
14.	Paul Worzella		1504 Riverview Drive	Stevens Point	WI	(317) 985-7051
15.	Paul Worzella		1504 Riverview Drive	Stevens Point	WI	(317) 985-7051

**EXHIBIT E**

**LIST OF FORMER FRANCHISEES**

**Franchisees That Left the System between January 1, 2025, and December 31, 2025**

Franchisees who left our system in our last fiscal year (i.e. termination, non-renewal, cancellation, transfer or otherwise ceased to do business) or have not communicated with us in the last 10 weeks:

	<b>Franchisee</b>	<b>Owner</b>	<b>City</b>	<b>State</b>	<b>Last Known Phone Number</b>	<b>Reason</b>
1.	Treat Corp	Thomas Treat	San Diego	CA	(678) 654-6559	Ceased Operations
2.	Treat Corp	Thomas Treat	San Diego	CA	(678) 654-6559	Ceased Operations
3.	Rhino Repairs, LLC	Lorena Letona	Land O Lakes	FL	(813) 503-8868	Transfer
4.	A2ZJB Enterprises, Inc.	Josef Block	Miami	FL	(224) 229-7533	Transfer
5.	JI-PBC Enterprises, LLC	Jerry Inman	West Palm Beach	FL	(561) 214-1133	Transfer
6.	JI-PBC Enterprises, LLC	Jerry Inman	West Palm Beach	FL	(561) 214-1133	Transfer
7.	Wilson Franchise Group, LLC	Derek Wilson	East Point	GA	(404) 358-6471	Ceased Operations
8.	Wilson Franchise Group, LLC	Derek Wilson	East Point	GA	(404) 358-6471	Ceased Operations
9.	Parkview Services Incorporated	Roger Peterson	Springfield	MA	(413) 297-2464	Transfer
10.	Parkview Services Incorporated	Roger Peterson	Springfield	MA	(413) 297-2464	Transfer
11.	Parkview Services Incorporated	Roger Peterson	Springfield	MA	(413) 297-2464	Transfer
12.	Welm, LLC	Josh Webb	Minneapolis	MN	(608) 219-79111	Transfer
13.	Welm, LLC	Josh Webb	Minneapolis	MN	(608) 219-79111	Transfer
14.	Welm, LLC	Josh Webb	Minneapolis	MN	(608) 219-79111	Transfer
15.	Keller Home Services, LLC	Jack Keller	Southaven	MS	(901) 609-4956	Non-renewal
16.	Front Line Drywall Repair, LLC	Leland Woodworth	Cleveland	NC	(704) 699-7183	Ceased Operations
17.	Front Line Drywall Repair, LLC	Leland Woodworth	Cleveland	NC	(704) 699-7183	Ceased Operations
18.	JAC Rocking, LLC	John Phelan	Martinsville	NJ	(908) 334-7299	Ceased Operations
19.	JAC Rocking, LLC	John Phelan	Martinsville	NJ	(908) 334-7299	Ceased Operations
20.	JAC Rocking, LLC	John Phelan	Martinsville	NJ	(908) 334-7299	Ceased Operations
21.	MYL Contractor, LLC	Michael Yetter	Carbondale	PA	(570) 406-8585	Non-renewal

	<b>Franchisee</b>	<b>Owner</b>	<b>City</b>	<b>State</b>	<b>Last Known Phone Number</b>	<b>Reason</b>
22.	Mid-south Drywall Repair, LLC	Mitch Baker	Orangeburg	SC	(803) 210-6230	Ceased Operations
23.	Mid-south Drywall Repair, LLC	Mitch Baker	Orangeburg	SC	(803) 210-6230	Ceased Operations
24.	Keller Home Services, LLC	Jack Keller	Southhaven, MS	TN <sup>1</sup>	(901) 609-4956	Non-renewal

<sup>1</sup> This franchised business has an LSA in a different state than its principal business address. The address provided is the principal business address. But the state in the “state” column is for the LSA of the business.

**EXHIBIT F**

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

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

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of these states.

**CALIFORNIA**

Department of Financial Protection & Innovation:  
Toll Free: 1 (866) 275-2677

***Los Angeles***

Commissioner of Financial Protection & Innovation  
320 West 4<sup>th</sup> Street  
Suite 750  
Los Angeles, California 90013  
(213) 576-7500

***Sacramento***

Commissioner of Financial Protection & Innovation  
651 Bannon Street, Suite 300  
Sacramento, CA 95811  
(916) 445-7205

***San Diego***

Commissioner of Financial Protection & Innovation  
1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 610-2093

***San Francisco***

Commissioner of Financial Protection & Innovation  
One Sansome Street, Suite 600  
San Francisco, California 94104-4428  
(415) 972-8559

**HAWAII**

(state administrator)

Commissioner of Securities  
State of Hawaii, Dept. of Commerce & Consumer Affairs  
Business Registration Division - Securities Compliance Branch  
335 Merchant St. Room 203  
Honolulu, Hawaii 96813  
(844) 808-3222

(agent for service of process)

Commissioner of Securities  
State of Hawaii, Dept. of Commerce & Consumer Affairs  
Business Registration Division - Securities Compliance Branch  
335 Merchant St. Room 203  
Honolulu, Hawaii 96813  
(844) 808-3222

**ILLINOIS**

Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

**INDIANA**

(state administrator)

Indiana Secretary of State  
Securities Division, E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

(agent for service of process)

Indiana Secretary of State  
200 West Washington Street, Room 201  
Indianapolis, Indiana 46204  
(317) 232-6531

**MARYLAND**

(state administrator)

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner  
at the Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

**MICHIGAN**

(state administrator)

Michigan Attorney General’s Office  
Corporate Oversight Division  
Attn: Franchise Section  
G. Mennen Williams Building, 5<sup>th</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
(517) 335-7567

(agent for service of process)

Michigan Department of Commerce,  
Corporations, Securities, and Commercial  
Licensing Bureau  
P.O. Box 30018  
Lansing, Michigan 48909

**MINNESOTA**

(state administrator)

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

(agent for service of process)

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

**NEW YORK**

(state administrator)

New York State Department of Law Investor  
Protection Bureau  
28 Liberty Street, 21st Floor  
New York, NY 10005  
(212) 416-8222 Phone  
(212) 416-6042 Fax

(agent for service of process)

Attention: Secretary of State of New York  
99 Washington Avenue  
Albany, NY 12231-0001  
(518) 473-2492

**NORTH DAKOTA**

(state administrator)

North Dakota Insurance & Securities  
Department  
600 East Boulevard Avenue, Dept. 401  
Bismarck, North Dakota 58505  
(701) 328-2910

(agent for service of process)

Insurance Commissioner  
600 East Boulevard Avenue, Dept. 401  
Bismarck, North Dakota 58505  
(701) 328-2910

**RHODE ISLAND**

Department of Business Regulation  
Division of Securities  
John O. Pastore Complex Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9645

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 S. Euclid, Second Floor  
Pierre, South Dakota 57501  
(605) 773-3563

**VIRGINIA**

(state administrator)

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, Ninth Floor  
Richmond, Virginia 23219  
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9733

**WASHINGTON**

(state administrator)

Washington Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98504-1200  
(360) 902-8760

(agent for service of process)

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501

**WISCONSIN**

(state administrator)

Securities and Franchise Registration  
Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-0448

(agent for service of process)

Office of the Secretary  
Wisconsin Department of Financial Institutions  
P.O. Box 8861  
Madison, Wisconsin 53708-8861  
(608) 261-9555

**EXHIBIT G**  
**RENEWAL AND RELEASE AGREEMENT**

## RENEWAL AGREEMENT

This Renewal Agreement (this “**Agreement**”) is made as of **DATE** by and between **PATCHMASTER FRANCHISE, LLC** (“**Franchisor**”) and **ENTITY NAME**, a **STATE + ENTITY TYPE** (“**Franchisee**”), and **OWNER**, an individual, and **OWNER**, an individual (jointly and severally “**Owner**” and “**Owners**”).

On or about **AGMNT DATE**, Franchisee and Franchisor entered into that certain PatchMaster® franchise agreement and its related exhibits and addenda (as amended, restated, or supplemented from time to time, the “**Franchise Agreement**”) related to the operation of the PatchMaster® franchise in **LOCATION** (the “**Franchised Business**”). Owners are all of Franchisee’s owners and are parties to a personal guaranty of the obligations of Franchisee under the Franchise Agreement (the “**Guaranty**”).

Franchisee has notified Franchisor that it wishes to renew its franchise for the Franchised Business pursuant to the terms of the Franchise Agreement. Franchisor is willing to agree to the renewal of the franchise, subject to and strictly conditioned on the terms of this Agreement.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

### **1. Renewal Franchise Agreement.**

- A. The parties hereby agree that notwithstanding any terms to the contrary in the Franchise Agreement or otherwise, the obligations of the parties under the Franchise Agreement have continued and will continue without interruption from the effective date thereof until the effective date of the Renewal Franchise Agreement (defined below) (the “**Renewal Date**”). Upon the Renewal Date, the Franchise Agreement will expire without further action by either party; provided, that nothing will be deemed to terminate or release Franchisee or Owners from any of the following obligations (together, the “**Surviving Obligations**”): (i) any obligation under the Franchise Agreement arising prior to the Renewal Date, (ii) any obligations under the Franchise Agreement that either expressly or by their nature survive expiration thereof (including dispute resolution, confidentiality, indemnification) other than those provisions that are inconsistent with the terms of the Renewal Franchise Agreement (such as requiring the Franchisee to close and de-brand the Franchised Business); and (iii) any obligations under this Agreement. The Guaranty shall remain in force and effect and shall serve as a guarantee of the Surviving Obligations, and Owners acknowledge and agree that Franchisor may seek any available remedies against them for the failure of Franchisee to comply with any Surviving Obligations.
- B. Contemporaneously with execution of this Agreement, Franchisee and Owners must execute Franchisor’s current franchise agreement and all associated riders, addenda, and exhibits (the “**Renewal Franchise Agreement.**”). The Renewal Franchise Agreement may vary materially from the Franchise Agreement. From and after the Renewal Date, but without limiting the Surviving Obligations in any manner, the parties acknowledge and agree that the operation of the Franchised Business will be exclusively governed by the terms of the Renewal Franchise Agreement.
- C. Franchisee and Owners acknowledge and agree that by executing this Agreement, Franchisee and its Owners hereby relinquish and waive any additional or further renewal and/or successor franchise rights at the end of the term of the Renewal Franchise Agreement. Notwithstanding the terms of the Renewal Franchise Agreement, Franchisee and Owners acknowledge and agree that any further extension, renewal, and/or successor

franchise from and after the expiration of the Renewal Franchise Agreement will be offered by Franchisor only on a discretionary basis and Franchisor may establish conditions to such extension, renewal, and/or successor franchise on any terms and conditions it sees fit.

- D. Concurrently with the execution of the Renewal Franchise Agreement, Franchisee will pay to Franchisor a Renewal Fee in the amount of **\$0.00**.

2. **Pre-Opening Obligations.** The parties agree that, as of the Renewal Date, all the provisions in the Renewal Franchise Agreement that pertain to the development of the Franchised Business and other pre-opening obligations (including, without limitation Franchisee's obligation to develop and open the Franchised Business and Franchisor's obligation to provide initial training and opening support) are deemed to have been satisfied by the parties, strictly to the extent that such obligations apply to the initial development of the Franchised Business and not ongoing obligations.

3. **General Release of Claims.** Franchisee and Owners, each for itself and its respective affiliates, guarantors, directors, officers, owners, partners, employees, and agents, and for the predecessors, successors, assigns, heirs, administrators and executors of it and any and all of them (the "**Releasing Parties**"), hereby do finally and fully release and forever discharge Franchisor and Franchisor's current and former affiliates, and its and their respective direct and indirect predecessors, successors, assigns, owners, partners, directors, officers, employees, and agents (the "**Released Parties**") from all liabilities, losses, damages, deficiencies, grievances, charges, costs, expenses, suits, proceedings, investigations, demands, assessments, judgments, claims, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute (collectively "**Claims**"), including any Claims arising under any franchise or business opportunity laws or regulations, the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties or the Franchise, or involving any of the respective Releasing Parties or Released Parties. Franchisee and Owners, on behalf of themselves and behalf of the Releasing Parties, covenant not to sue Franchisor or any of the Released Parties on any of the Claims released under this Section and shall not, at any time hereafter, commence, maintain, or prosecute any Claim, or aid or assist others in prosecuting such Claim on its behalf. The parties expressly understand and agree that this release is intended to cover and does cover not only all known losses and damages, but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof. Franchisee and Owners represent that this release has been read and that it is fully understood and voluntarily accepted.

These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

IF THE FRANCHISED BUSINESS IS LOCATED IN CALIFORNIA OR ANY OF THE RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS FRANCHISEE'S AND OWNERS' INTENTION, ON EACH OF ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE, OWNERS, AND/OR THE RELEASING PARTIES. FRANCHISEE AND OWNERS EACH RECOGNIZE THAT ANY OF THEM AND/OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION

AGAINST THE RELEASED PARTIES OF WHICH THEY ARE TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, OWNERS, AND SUCH RELEASING PARTIES ARE GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S AND OWNERS' INTENTION, EACH OF ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE, OWNERS, AND EACH RELEASING PARTY OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT SUCH PARTY FROM ASSERTING IT AGAINST THE RELEASED PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE AND OWNERS, ON EACH OF ITS OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

FRANCHISEE AND OWNERS ACKNOWLEDGE AND REPRESENT THAT THEY HAVE EACH CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT THEY EACH UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Franchised Business is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Franchised Business is located in Minnesota or if any of the Releasing Parties is a resident of Minnesota, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

If the Franchised Business is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder

**4. Representations of Franchisee and Owners.** Franchisee and Owners each, jointly and severally, covenant, warrant, and agree that they are fully authorized to execute and perform this Agreement and that they have authority to bind execute this Agreement and agree to the terms herein.

**5. Confidential Information.** Without limiting the confidentiality obligations under the Franchise Agreement or Renewal Franchise Agreement or otherwise in any way, Franchisee and its Owners hereby agree to keep the terms of this Agreement and the facts and circumstances both of the negotiation of this Agreement and underlying the transactions and settlements, or otherwise arising from the renewal of the Franchise or the Franchise Agreement, or execution of the Renewal Franchise Agreement, in all respects strictly confidential, and Franchisee and Owners shall not disclose such terms or facts for any purposes, except (i) with the prior written consent of Franchisor; (ii) to legal counsel or tax/financial advisors retained by Franchisee; or (iii) as required or compelled by legal authority.

**6. Non-Disparagement.** Franchisee and Owners each, jointly and severally, agree from and after the Renewal Date, without limitation, not to disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or any other Released Party and/or the PatchMaster® brand or franchise system, or take any other action to subject any of the foregoing to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill or intellectual property of the PatchMaster® brand.

**7. Estoppel.** Franchisee and Owners hereby certify to and agree that, as of the Renewal Date, Franchisor is relying on all of the following certifications and agreements of Franchisee and Owners as consideration for executing this Agreement:

- a. The Franchise Agreement, prior to the Renewal Date, and the Surviving Obligations and Renewal Franchise Agreement, from and after the Renewal Date, are and were in full force and effect, and are valid and binding obligations of Franchisee and Owners enforceable in accordance with their respective terms.
- b. Franchisor is not in default under the Franchise Agreement, and no event has occurred and no condition exists, which with the receipt of notice, the passage of time, or both, would constitute a default by Franchisor under the Franchise Agreement.
- c. Franchisee or Owners have not assigned, mortgaged, encumbered, or otherwise transferred any or all of their respective interests in the Franchise or under the Franchise Agreement.

**8. Miscellaneous.** Any and all disputes arising in connection with this Agreement and/or the matters contemplated hereby will be resolved in accordance with the provisions in the Renewal Franchise Agreement. This Agreement and its provisions prevail over any inconsistency or contradiction between this Agreement and the Renewal Franchise Agreement. This Agreement supersedes all prior discussions, negotiations, and agreements among the parties with respect to the matters outlined above and contains the sole and entire agreement among the parties with respect to its subject matter. This Agreement may not be modified or amended in a manner adverse to any party except by written agreement signed by that party. All other aspects of the parties' relationship not addressed in this Agreement are outlined, subject to, and governed by the Renewal Franchise Agreement. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties. The Released Parties are first-party direct beneficiaries or intended third-party beneficiaries of this Agreement and are entitled to the benefits hereof, and are entitled to enforce the terms hereof. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same agreement. This Agreement may be executed by electronic means. Franchisee and Owners have each had opportunity to have this Agreement reviewed by counsel of their choice.

*[Signature Page to Follow]*

IN WITNESS WHEREOF, the parties have executed this Agreement.

DATED this \_\_\_\_\_ .

**PATCHMASTER FRANCHISE, LLC (“Franchisor”)**

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

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

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

**ENTITY (“Franchisee”)**

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

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

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

(“Owners”):

**OWNER**

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

Name: \_\_\_\_\_, an individual

**OWNER**

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

Name: \_\_\_\_\_, an individual

**EXHIBIT H**

**STATE SPECIFIC ADDENDA AND AGREEMENT RIDERS**

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
PATCHMASTER FRANCHISE, LLC**

The following are additional disclosures for the Franchise Disclosure Document of PatchMaster Franchise, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

**FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

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

**CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

2. ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA, SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

4. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US IN CERTAIN CIRCUMSTANCES TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

5. SECTION 31512.1 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES THAT ANY PROVISION OF THE FRANCHISE AGREEMENT, DISCLOSURE DOCUMENT, ACKNOWLEDGEMENT, QUESTIONNAIRE, OR OTHER WRITING, INCLUDING ANY EXHIBIT THERETO, DISCLAIMING OR DENYING ANY OF THE FOLLOWING SHALL BE DEEMED CONTRARY TO PUBLIC POLICY AND SHALL BE VOID AND UNENFORCEABLE: (A) REPRESENTATIONS MADE BY THE FRANCHISOR OR ITS PERSONNEL OR AGENTS TO A PROSPECTIVE FRANCHISEE; (B) RELIANCE BY A FRANCHISEE ON ANY REPRESENTATIONS MADE BY THE FRANCHISOR OR ITS PERSONNEL OR AGENTS; (C) RELIANCE BY A FRANCHISEE ON THE FRANCHISE DISCLOSURE DOCUMENT, INCLUDING ANY EXHIBIT THERETO; OR (D) VIOLATIONS OF ANY PROVISION OF THIS DIVISION.

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

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

Neither Franchisor, nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

8. The following paragraph is added at the end of Item 6:

Interest Rate. The highest interest rate allowed by law in California is 10% annually.

9. The following paragraphs are added at the end of Item 17:

Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Pricing. Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices it sets for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

Dispute Resolution. The Franchise Agreement requires all dispute resolution efforts including mediation and litigation to occur in the State of New Jersey with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Applicable Law. The Franchise Agreement requires application of the laws of the State of New Jersey. This provision may not be enforceable under California law.

Liquidated Damages. THE FRANCHISE AGREEMENT CONTAINS A LIQUIDATED DAMAGES CLAUSE. UNDER CALIFORNIA CIVIL CODE SECTION 1671, CERTAIN LIQUIDATED DAMAGES CLAUSES ARE UNENFORCEABLE.

Conditions for Renewal or Transfer. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SEC. 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SEC. 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043.)

10. The following paragraph is added at the end of Item 19:

The financial performance representations figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

## **HAWAII**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

## **ILLINOIS**

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

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

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

Your rights upon Termination and Non-Renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND**

1. The following language is added at the end of Item 11:

Franchisor will provide you with an annual accounting of the advertising fees collected.

2. The following language is added at the end of Item 17:

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 1010 et seq.)

3. The following language is added at the end of Item 17(v):

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. The following language is added at the end of Item 17(c) and Item 17(m):

Pursuant to COMAR 02.02.08.161L, any provision requiring the franchisee to sign a general release of any and all claims against Franchisor is amended to state that such release shall not apply to any liability under Maryland Franchise Registration and Disclosure Law.

## **MINNESOTA**

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

1. The following language is added to the end of Item 6:

NSF checks are governed by Minnesota Statute 60A.113, which puts a cap of \$30 on service charges.

2. The following language is added at the end of Item 6:

The Item 6 item entitled “Lost Revenue Damages” will not be enforced to the extent prohibited by applicable law.

3. The following language is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

4. The following paragraphs are added to the end of Item 17:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement.

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

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by Governing Law with respect to claims arising under Minn. Rule 2860.4400D.

## **NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET 21ST FLOOR NEW YORK, NEW YORK 10005.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, the following applies 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 any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, unfair or deceptive practices, misappropriation of property or comparable 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 date of this Disclosure Document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations;

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

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

Neither we, our affiliate, predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

We apply the initial franchise fee to defray our costs for franchisee screening and training, legal compliance, salary, and general administrative expenses and profits.

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

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

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”: “You may terminate the agreement on any grounds available by law.”

7. The following is added to Item 17(j)

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under the Franchise Agreement

8. The following is added to the end of 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.

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

10. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA**

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

Payment of the Initial Franchise Fee will be deferred until Franchisor has met its initial obligations and franchisee has commenced doing business.

## **RHODE ISLAND**

1. The following language is added to the end of Item 17(v) and 17(w):

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act. To the extent required by applicable law Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.”

## **VIRGINIA**

1. The following language is added to the end of Item 17(h):

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

2. The following language is added to the end of Item 17(e):

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

3. The following terms will apply to the franchise offered hereby to the extent required by applicable law, if and only if the franchise is granted on or after July 1, 2026:

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

## **WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

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

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages may be void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to

regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**NEW YORK REPRESENTATIONS PAGE**

**FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

### **State Effective Dates**

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	April 24, 2026
Indiana	Pending
Maryland	Pending
Michigan	April 24, 2026
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	April 24, 2026
Virginia	Pending
Washington	Pending
Wisconsin	April 24, 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I**

**RECEIPTS**

**ITEM 23  
RECEIPT**

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

If PatchMaster Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days (and 10 business days in Michigan) before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale. Under Iowa law, PatchMaster Franchise, LLC must give you this Disclosure Document at the earlier of the 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

If PatchMaster Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit F.

The name, principal business address and telephone number of each franchise seller offering the franchise:

***Check as applicable:***

Paul Ferrara, 57 Main Street, Chester, NJ 07930 (973) 944-4900

Joseph Eible, 57 Main Street, Chester, NJ 07930 (973) 944-4900

FranDevCo, 107 Parr Drive, Huntersville, NC 28078, (704) 703-9500

***[Insert name, address and telephone number of any additional franchise sellers]:*** \_\_\_\_\_

Issuance date: April 24, 2026

I have received a Franchise Disclosure Document dated April 24, 2026, including the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (with Schedules)
- C. Table of Contents to Operations Manual
- D. List of Franchisees
- E. List of Former Franchisees
- F. State Administrators/Agents for Service of Process
- G. Renewal and Release Agreement
- H. State Addenda
- I. Receipts

**PROSPECTIVE FRANCHISEE:**

If a business entity:

If an individual:

\_\_\_\_\_  
Name of Business Entity

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

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

Dated: \_\_\_\_\_

Its: \_\_\_\_\_

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

Dated: \_\_\_\_\_

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If PatchMaster Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit F.

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**PROSPECTIVE FRANCHISEE:**

If a business entity:

If an individual:

\_\_\_\_\_

\_\_\_\_\_

Name of Business Entity

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

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

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

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

Dated: \_\_\_\_\_

You may keep this copy of the receipt for your own records.