

**ITEM 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ⁽²⁾	<p>You will pay a monthly royalty amount corresponding to how long you have been in operation. The monthly royalties follow the following schedule:</p> <p>Month 1: \$350.00* Month 2: \$400.00* Month 3: \$450.00* Month 4: \$700.00* Month 5: \$750.00* Month 6: \$800.00* Month 7: \$1,050.00* Month 8: \$1,100.00* Month 9: \$1,150.00* Month 10: \$1,300.00* Month 11: \$1,350.00* Month 12 through 36: \$1,400.00* Month 37 and thereafter: \$2,250.00*</p> <p>*Plus \$0.06 for each household of your territory in excess of 30,000</p>	Due on the 15 th day of every month	The first “Franchise Year” commences the first day of the first full month following your satisfactory completion of the initial training program or on any other date designated by GCF. Each subsequent one (1)-year period is another Franchise Year. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Additional Area Fee	Then current fee (currently \$2.06 per additional household <u>for additional area/territory</u>)	As incurred	We may allow you to expand the Area of Primary Responsibility subject to availability and our approval, which may be withheld in our sole discretion.
Marketing Fund Fee ⁽²⁾	<p>You will pay a monthly marketing fund fee in an amount corresponding to how long you have been in operation. The monthly marketing fund fees follow the following schedule:</p> <p>Months 1-4: \$125.00* Months 5-7: \$250.00* Months 8-10 : \$375.00* Months 11-13: \$550.00* Months 14-17: \$625.00* Months 18-20: \$750.00* Months 21-23: \$875.00* Months 24 and thereafter: \$1,000.00*</p>	Same as royalty	This fee will be used for a system-wide marketing fund for our use in promoting and building the Gotcha Covered brand. The marketing fund is discussed in Item 11.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Local and Regional Marketing Cooperative ⁽³⁾	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative but reserve the right to require one to be established in the future. If established, any franchisor-owned outlets will be given the same voting power as other outlets and will not have controlling power in any cooperative. Item 11 contains more information about marketing cooperatives.
Minimum Territory Marketing	You must spend a minimum of 5% of your annual gross revenue on marketing for your operations in your territory, in addition to your Marketing Fund Fee. Included in such minimum spending will be the cost of online lead generation services and pay-per-click lead generation services by our approved or designated vendor(s).	As incurred.	This amount is not a fee to us. It is spent by you on local advertising. You are required to spend this minimum amount on local marketing with designated or selected vendors each month. If you do not spend 5% of your gross revenue within a calendar year on local, in-territory, marketing, you will contribute the difference between the actual amount expended and the amount required as additional National Marketing Fees.
Unauthorized Marketing Fee	\$500 per occurrence	On demand	This fee is payable to the marketing fund if you use unauthorized marketing in violation of the terms of the Franchise Agreement.
Insurance	You must reimburse our costs plus a 20% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.
Annual Conference Fee or Non-Attendance Fee	Then-current registration fee, currently \$1,000. <u>(with annual increases not to exceed \$500).</u>	Six months prior to the registration deadline.	You will be invoiced for the annual conference fee six months prior to the registration deadline, in the amount of the published and then-current registration fee. If you do not attend, the non-attendance fee will apply in the amount of the then-current registration fee.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Additional Training or Assistance Fees	Then-current fee (currently \$250 per additional person for the initial training program and approximately \$100 per attendee per day for additional training)	As incurred	We provide an initial training program at no charge for up to two (2) people, which must include you (or your “ <u>Designated Owner</u> ,” defined in Item 15, if you are an entity), and your “ <u>Manager</u> ,” defined in Item 15, if you have one, provided they attend at the same time. We may charge you for training additional persons, newly hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. These fees will depend on the training required. <u>Fees are not to increase by more than \$250 in any given year.</u>
Technology Fee ⁽⁴⁾	Then-current fee (currently \$476 per month)	Same as Royalty	We charge this fee for technology-related services. We reserve the right to an annual increase of no more than 10% per year, upon 30 days’ notice. We reserve the right to upgrade, modify, and add new technology-related services. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional technology-related services, or from increases from third party vendors. <u>Fees are not to increase by more than \$500, or by more than the actual increases set by vendors, when we do not establish the amount ourselves.</u>
Software Fees	\$200 to \$500 per month	As incurred.	If we designate software solutions as a requirement for franchisee use, you must use the designated software solutions provided by our designated vendor(s). This fee is paid directly to the vendor. Designated Software and SaaS vendors may include providers accounting software, CRM, sales/invoicing, call center services, and similar services. Rates are established by the applicable vendors and subject to change on their terms.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Annual Meeting Fee	Then-current fee	On demand	Payable to us to help defray the cost of your attendance at the annual meeting that we choose to hold. This fee is due regardless of whether or not you attend our annual meeting in any given year.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint	On demand	Payable if a customer of the GC Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.
Payment Service Fee	3% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of up 3% of the total charge.
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Insufficient Funds Fee	\$100 per occurrence	As incurred	Payable if any check or electronic funds transfer payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Financial Report Fine	\$25 per occurrence and \$25 per day	Your bank account will be debited for failure to submit any requested report within five (5) days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the marketing fund, or if no longer established, to us. You will continue to incur this fee until you submit the required report.
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your GC Business or Franchise.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or payable for any fees we incur for any transfer that is not completed.
Successor Fee	10% of the then-current Initial Franchise Fee	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. If we are not offering Franchises at the time of your renewal, the renewal fee will be 10% of the initial franchisee fee listed in the most recent Franchise Disclosure Document.
Transfer Fee	\$15,000 Note, any sales commission owed as a result of your transfer shall remain your obligation, in addition to the Transfer Fee.	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at the signing of the approved transfer	Payable in connection with the transfer of your GC Business, a transfer of ownership of your legal entity, or the Franchise Agreement.
Transferee Training Fee	Then-current fee (currently: 1) \$1,000 for up to two people, including transferee (or its Designated Owner, if transferee is an entity) and its Manager, if applicable, for the initial training program; plus 2) \$250 per additional person for the initial training program and continuous learning sessions, and approximately \$100 per attendee per day for additional training)	At time the approval of transfer document is executed	This fee is payable if you transfer the GC Business. If the transferee is an existing franchisee who has successfully completed the initial training program, then we may (in our sole discretion) waive this fee. See Item 15 for more information on the “ <u>Designated Owner</u> ” and “ <u>Manager.</u> ” <u>Fees are not to increase by more than \$250 in any given year.</u>
Broker Fees	Our actual cost of the brokerage commissions, finder’s fees, or similar charges	As incurred	If you transfer your GC Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder’s fees and similar charges.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Email Account Fee	Then-current fee; currently \$235 per calendar year, per email account.	As incurred	You will pay us this fee for the email services of our designated provider. We will waive the email account fee for your first calendar year. You will pay the annual email account fee for each subsequent year beginning in December of your first calendar year. <u>This fee varies as the vendor(s) may increase or decrease their fee, and as a result we do not have a formula or control over rates to determine the increase or any maximum increases.</u>

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit G). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.
2. Royalty and Marketing Fund Fees. The royalty and/or marketing fund fee(s) may be adjusted once per calendar year. Any percentage increase will be the greater of: (a) five percent (5%); or (b) the U.S. Consumer Price Index (for U.S. City Average, All Items Index, All Urban Consumers) percentage increase during the prior 12-month period for each year since our previous adjustment to the royalty and/or marketing fund fee(s).

If you enter into a franchise agreement to operate in multiple contiguous territories, you may sign the standard multi-unit addendum connected to royalty and marketing fund fees, found in Attachment 6 to the Franchise Agreement below.

3. Local and Regional Marketing Cooperatives. We reserve the right to establish a local or regional marketing cooperative. If a local or regional marketing cooperative is established, contribution amounts to the local or regional marketing cooperative will be established by the cooperative members. We anticipate that each GC franchisee will have one (1) vote for each GC Business operated by the member in the designated market. No local or regional marketing cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.